



AUCTUS

Alternative Investments

ABN 76 149 278 759

ANNUAL REPORT

30 June 2019

Corporate Directory

Directors

Campbell McComb *Managing Director and Interim Chairman*

Michael Hynes *Executive Director*

Brad Harrison *Non-Executive Director*

Company Secretary

Justin Mouchacca

Registered Office

Level 7, 90 Collins Street

Melbourne VIC 3000

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Email: enquiries@auctusinvest.com

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Share Registry

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Perth WA 6000

Telephone: 1300 850 505 (investors within Australia)

Telephone: +61 (0)3 9415 4000

Email: web.queries@computershare.com.au

Website: www.investorcentre.com

Securities Exchange

Australian Securities Exchange

Level 4, North Tower, 525 Collins Street

Melbourne VIC 3000

Website: www.asx.com.au

ASX Code AVC

Auditors

Bentleys

London House

Level 3, 216 St Georges Terrace

Perth WA 6000

Telephone: +61 (0)8 9226 4500

Facsimile: +61 (0)8 9226 4300

Website: www.bentleys.com.au

Annual General Meeting

The Company will hold its Annual General Meeting on 21 November 2019. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to the ASX immediately after dispatch.

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Operations review

1. Company Update

Auctus Alternative Investments Limited (ASX:AVC) (**Auctus** or **the Company**) is pleased to provide an update to its operations for the year end 30 June 2019.

For the 2019 Financial Year, from continuing operations, the Group achieved:

- ▲ Total revenue increase of \$199,681 or 59.91% to \$532,974 (2018: \$333,293);
- ▲ Total expenditure increased by \$333,075 or 10.0% to \$3,671,317 (2018: \$3,338,242); and
- ▲ Increase in profit of \$4,585,332 or 136.3% to \$1,220,153 profit compared to 2018 (2018 Loss: \$3,365,179).

When making a comparison with the previous period, it is important to note the equity selldown and subsequent deconsolidation of Gophr Ltd occurred during the period. This was the predominant driver of the move from loss to profit in the current period.

In addition, the revenue from ordinary activities is now more indicative of that produced by Auctus as opposed to the consolidated revenue of investment companies. The key driver of revenue in the period was Auctus Asset Management Pty Ltd (Formerly High Line Alternative Investment Pty Ltd).

Non-cash items expensed in the period include share-based payments of \$531,127 (FY18: \$773,404) and depreciation and amortisation of \$60,827 (FY18: \$276,731).

Following on from last year, the net asset position of the Company has improved further by over \$5.02M to approximately \$5.8M. This has been driven by a significant improvement in financial assets and investments in associates.

Directors' report

Your directors present their report on the Group, consisting of Auctus Alternative Investments Limited (hereafter referred to as **Auctus** or **the Company**) and its controlled entities (collectively **the Group**), for the financial year ended 30 June 2019.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

▲	Mr Campbell McComb	Managing Director and Interim Chairman
▲	Mr Michael Hynes	Executive Director and COO
▲	Mr Brad Harrison	Non-executive Director (appointed 19 October 2018)
▲	Mr Jay Stephenson	Non-executive Chairman (resigned 31 March 2019)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 4 Information Relating to the Directors and Company Secretary of this Directors Report.

2. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2019.

3. Operating and financial Review

3.1. Significant Changes in the state of affairs

On 14 August 2018 the Company announced indicative term sheet with Scout Ventures, under which Auctus would acquire up to a 10% economic interest in the Scout Fund III GP in consideration of the payment of up to \$1,000,000 USD to Bradley C. Harrison.

The \$1,000,000 is to be paid as follows:

- ▲ \$250,000 upon the signing of formal documentation;
- ▲ \$250,000 upon completion of Tranche 2 of the Company's proposed capital raising of up to 75 million shares; and
- ▲ \$500,000 upon Scout Fund III reaching an aggregate of \$50m in capital commitments (with this payment to be reduced proportionately in the event Scout Fund III does not meet that threshold at its final closing which is to be a date determined by Scout expected to be prior to 31 December 2019).

The Scout Fund III GP is proposed to be a US\$50M fund deployed across approximately 24 companies in the target sectors identified above. Auctus proposes making the Scout investment via its wholly owned subsidiary Auctus Asset Management Pty Ltd (formerly High Line Alternative Investments Pty Ltd).

The agreement with Scout Ventures was subsequently executed on 3 October 2018 under the terms above.

On 19 October 2018 the Company appointed Mr Bradley C Harrison as a Non-Executive Director of Auctus Alternative Investments Limited.

On 1 April 2019 the Company announced the resignation of Mr Jay Stephenson as Director of Auctus Alternative Investments Limited.

On 31 May 2019 the Company announced the completion of the formal restructure of its sell-down of approximately 42.5% of Gophr to existing Gophr management at a pre-money valuation of GBP2.75 million, resulting in the decrease of the holding in Gophr from 75% to 32.5%, in turn resulting in loss of control and de-consolidation of the entity.

During the year, the following changes in equity occurred, as detailed in the financial statements note 7.1 Issued capital:

- ▲ the Company completed its 10:1 share consolidation in December 2018 as detailed in in the financial statements note 7.1.3;
- ▲ the Company issued 2,250,000 fully paid ordinary shares in respect to contingent consideration as detailed in the financial statements note 10.1.4;
- ▲ the Company issued 9,542,042 fully paid ordinary shares (on a post-consolidation basis) raising \$4,013,877;
- ▲ the Company issued 3,717,606 Options (on a post-consolidation basis) net of 700,000 options cancelled, and 250,000 option expired, as detailed in the financial statements note 7.2;
- ▲ the Company issued 4,100,000 Performance Shares (on a post-consolidation basis) as detailed in the financial statements note 7.3

Directors' report

During the year, the Company discontinued the following operations on a consolidated basis:

- ▲ On 21 August 2018, Wondr.IT was dissolved as detailed in note 11.1;
- ▲ On 31 May 2019, the Company completed a Share Purchase Agreement (SPA) to sell down its 75% equity in Gophr to 32.5% as detailed in the financial statements note 11.2;
- ▲ On 2 May 2019, the directors of Boppl AU placed the company into Voluntary Administration, and accordingly has been treated as a discontinued operation as detailed in the financial statements note 11.3; and
- ▲ On 2 April 2019, the Company liquidated its subsidiary Boppl UK as detailed in the financial statements note 11.4.

There were no other significant changes in the state of affairs of the Group.

3.2. Nature of Operations and Principal Activities

Auctus is an investment manager, with a primary focus on investing into companies and platforms operating globally in growth sectors with strong tailwinds and significant potential to scale.

Auctus provides these unique private market opportunities via investment funds to wholesale, family office and institutional investors.



Unite Us is a US based healthcare technology company that builds coordinated care networks connecting health and social service providers together.

Based in New York, USA.



Technology driven last mile delivery service.

Based in London, England.



STORR Social media influencer – retailing.

Based in San Francisco, USA.

Auctus' partners



Scout Ventures of New York is an early-stage venture capital firm that is making the world a better, safer place by cultivating standout frontier technologies built by hard-to-access founders. Scout's five-person team has invested in over 65 companies across three investment vehicles. Scout has a lifetime blended IRR of 18.4% with all three funds returning capital to investors. With offices in NYC and Washington DC, Scout invests in capital efficient businesses founded by experienced entrepreneurs who are building transformative technologies.

Scout provides Auctus investors proprietary access to later stage companies out of their existing portfolio as well as direct access to their broader diversified early-stage funds.

3.3. Operations Review (refer Operations review of page 1)

3.4. Financial Review

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group recognised a profit for the year of \$1,220,153 (2018: \$3,365,179 loss).

The net assets of the Group increased by \$5,020,228 to \$5,801,618 as at 30 June 2019 (2018: \$781,390 net assets).

As at 30 June 2019, the Group's cash and cash equivalents increased by \$236,550 to \$518,627 (2018: \$282,077) and had a working capital deficit of \$1,633,383 (2018: \$1,222,645 working capital deficit), as disclosed in note 9 of the Issued capital.

Based on a cash flow forecast, the Group has sufficient working capital to fund its mandatory obligations for the period ending twelve months from the date of this report. Should the Group be unable to raise sufficient funds, the planned investment strategy may have to be amended. The Board is confident in securing sufficient additional funding to fund the Group's operations. In addition, refer to 3.5 Events Subsequent to Reporting Date following.

Directors' report

3.5. Events Subsequent to Reporting Date

As disclosed in Note 16 Events subsequent to reporting date:

▲ On 26 June 2019 Auctus announced a Placement to raise 3.25 million fully paid ordinary shares at an issue price of \$0.35 issued as:

- ▶ 1,300,500 shares at \$0.35 shares issued on 26 June 2019;
- ▶ 1,175,000 shares at \$0.35 shares issued on 5 July 2019;
- ▶ 750,000 shares at \$0.35 shares issued on 1 August 2019.

On 29 August 2019 Auctus advised that further to its ASX announcement of 12 June 2019, the Company has finalised formal documentation to establish a US asset management business - RBP Partners. Auctus owns a 30% equity shareholding in the joint venture partnership with the New York based investment team controlling the remaining 70%. AVC will invest US\$250,000 from revenue inflows into RBP Partners and issue the investment team a total of 1.5m options, with strike prices of \$0.60 and \$1.00.

There are no other significant after balance date events that are not covered in this Directors' Report section Operations review on page 1 or within the financial statements at Note 16 Events subsequent to reporting date.

3.6. Future Developments, Prospects and Business Strategies

No other likely developments, future prospects and business strategies of the operations of the Company and the expected results of those operations have been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

3.7. Environmental Regulations

The Group's operations are not subject to significant environmental regulations in the jurisdictions it operates in, namely the United Kingdom, United States of America, and Australia.

4. Information Relating to the Directors and Company Secretary

▲ Mr Campbell McComb ☐ Managing Director

Qualifications ☐ B.Econ, AICD, F.Fin

Experience ☐ Mr McComb has over 20 years' experience in funds management and investment banking, and has overseen or been actively involved in the development of a number of successful funds management businesses. He served as the Chief Investment Officer of a family office, where he managed an investment portfolio which, generated growth of approximately 22.5% per annum.

Mr McComb is currently a Director of Mobilicom Ltd (ASX:MOB), an Israeli based technology Company.

Mr McComb previously served as Managing Director of Easton Investments, an ASX-listed investment company, where he was responsible for overseeing the growth of the advisory business to approximately AUD\$1bn of funds under advice and management.

Mr McComb holds a Bachelor of Economics from La Trobe University and a post-graduate diploma in Applied Finance & Investment from the Securities Institute of Australia. In 2013 he completed the Asialink Leaders Program through the University of Melbourne. He is a Graduate Member of the Australian Institute of Company Directors as well as a Fellow of the Financial Services Institute of Australia.

Special responsibilities ☐ Managing Director

Interest in Shares and Options ☐ 3,277,493 Fully Paid Ordinary Shares
1,250,000 Performance Rights

Directorships held in other listed entities in past three years ☐ Mr McComb is a director of Mobilicom Ltd (ASX:MOB).

Directors' report

▲ Mr Michael Hynes

Qualifications

Experience

Special responsibilities

Interest in Shares and Options

Directorships held in other listed entities in past three years

☐ Chief Operations Officer and Executive Director

☐ B Comm, CA, CTA

☐ Mr Hynes is a finance and business executive with more than 30 years' experience in Capital markets including being Head of Australian Equity Sales at both Citigroup and previously Credit Suisse in Singapore focussing on regional account leadership responsibilities.

Mr Hynes is a leader in Investment Banking, Venture Capital, Private Equity and Corporate Finance across APAC and is recognised for building trusted, long standing partnerships. He achieves this through a commitment to delivering authentic, best practice advisory and consulting services to help his clients grow their businesses.

Mr Hynes is Executive Director of Red Hill Capital Partners

☐ Chief Operations Officer

☐ 1,441,723 Fully Paid Ordinary Shares
1,500,000 options
1,250,000 performance rights

☐ None

▲ Mr Brad Harrison

Experience

Special responsibilities

Interest in Shares and Options

Directorships held in other listed entities in past three years

☐ Non-Executive Director (*appointed 19 October 2018*)

☐ Mr Harrison is an entrepreneur and seasoned business development executive with a passion for technology, media, entertainment and lifestyle. He was recently named by Forbes as one of the top 50 Angel Investors Based On Investment Volume And Successful Exits. Mr Harrison has a great deal of experience launching new ventures. While attending MIT, he worked as a Partner in a seed stage venture fund, ITU Ventures, and helped launch a joint MIT/Harvard incubator. During this experience, he has worked at the earliest stages with many dynamic companies including Endeca Technologies.

While serving as Director of Media Strategy and Development at AOL, Mr Harrison co-authored 3 patents in search, geo-tagging, and personalization, with Edmund Fish, Senior Vice President and General Manager at AOL. Following AOL, he helped raise \$40M in venture funding for a contextual online advertising network. Prior to launching his business career, Mr Harrison was a graduate of the United States Military Academy at West Point and served in the United States Army for 5 years, earning both Airborne and Ranger qualifications before retiring as Captain.

☐ None

☐ 30,000 shares
3,000,000 options

☐ None

▲ Mr Jay Stephenson

Qualifications

Experience

Special responsibilities

Interest in Shares and Options

☐ Non-executive Chairman (*resigned 31 March 2019*)

☐ MBA, FCPA, CMA, FCIS, MAICD

☐ Mr Stephenson has been involved in business development for over 25 years, including approximately 21 years as Director, Chief Executive Officer, and Company Secretary of various listed and unlisted entities in resources, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, and business restructuring, as well as managing all areas of finance for companies.

☐ Chairman

☐ 208,772 Fully Paid Ordinary Shares (*at date of resignation, 31 March 2019*)
400,000 options (*at date of resignation, 31 March 2019*)

Directors' report

Directorships held in other listed entities in past three years

Mr Stephenson also holds or has held the following directorships over the past three years: Non-Executive Director of Doray Mining Limited since August 2009, Nickelore Limited since July 2011, Blina Minerals Limited since October 2016. He is also the Independent Director of Dragon Mountain Gold Limited since December 2016 and Strategic Minerals Corporations NL since August 2009.

In the past three years, Mr Stephenson has been a Non-Executive Director of Veriluma Limited – (May 2014 to October 2016), Bubs Australia Limited (September 2015 to December 2016), Condor Blanco Mines Limited (July 2016 to October 2016), and Drake Resources Limited (March 2005 to December 2017)

Mr Justin Mouchacca

Qualifications

Experience

Company Secretary

CA, BBus

Mr Mouchacca holds a Bachelor of Business majoring in Accounting. Justin became a Chartered Accountant in 2011 and from July 2013 to June 2019 was a Director of chartered accounting firm, Leydin Freyer Corp Pty Ltd. Since July 2019, Mr Mouchacca has been principal of JM Corporate Services Pty Ltd, a firm specialising in outsourced company secretarial services and financial duties. Justin has over 12 years' experience in the accounting profession including 7 years in the corporate secretarial services and is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange.

5. Meetings of Directors and committees

During the financial year four meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		NOMINATION COMMITTEE		REMUNERATION COMMITTEE		FINANCE AND OPERATIONS COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Campbell McComb	6	6	<i>At the date of this report, the Remuneration, Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.</i>							
Michael Hynes	6	6								
Mr Brad Harrison	4	4								
Jay Stephenson	4	4								

6. Indemnifying officers or auditor

6.1. Indemnification

The Company has entered an Indemnity, Insurance and Access Deed with each Director. Pursuant to the Deed:

The Director is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.

The Company must keep a complete set of company documents until the later of:

- The date which is seven years after the Director ceases to be an officer of the Company; and
- The date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (Relevant Proceedings).

The Director has the right to inspect and copy a Company document in connection with any relevant proceedings during the period referred to above.

Subject to the next sentence, the Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of:

- The date which is seven years after the Director ceases to be an officer of the Company; and
- The date any Relevant Proceedings commenced before the date referred to above have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available.

Directors' report

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

6.2. Insurance premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

7. Options

7.1. Unissued shares under option

At the date of this report, the un-issued ordinary shares of Auctus Alternative Investments Limited under option (listed and unlisted) are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
19 September 2017*	1 December 2021	\$0.60	1,775,000
19 September 2017*	1 December 2021	\$1.20	1,875,000
19 September 2017*	1 December 2021	\$2.20	2,225,000
24 October 2018	24 October 2021	\$1.00	1,335,357
14 December 2018	14 December 2021	\$1.00	310,000
29 October 2018	24 December 2021	\$1.00	3,000,000
27 December 2018	27 December 2021	\$1.00	22,250
			10,542,607

*Grant date in accordance with AASB 2 is 19 September 2017, the options noted above were issued on 4 October 2017.

No person is entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

7.2. Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year.

8. Performance Rights

At the date of this report, the Company had 4,100,000 performance rights on issue (2018: nil) on the terms and conditions as detailed below 12.6c of this Director's report and in Note 22.3.1c of the financial statements.

9. Non-audit services

During the year, Bentleys, the Company's auditor, did not perform any services other than their statutory audits (2018: \$nil). Details of remuneration paid to the auditor can be found within the financial statements at Note 20 Auditor's Remuneration.

In the event that non-audit services are provided by Bentleys, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth). These procedures include:

- ▲ non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ▲ ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

10. Proceedings on behalf of company

During the year the Company settled a claim between it, PKF Lawler (WA) Pty Ltd (now renamed Hall Chadwick (WA) Pty Ltd) and another associated entity, and Mr John Bell.

The Company was not a party to any other proceedings during the year.

Directors' report

11. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2019 has been received and can be found on page 16 of the annual report.

12. Remuneration report (audited)

The information in this remuneration report has been audited as required by s308(3C) of the *Corporations Act 2001* (Cth).

12.1. Key management personnel (KMP)

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the directors of the Company and key executive personnel:

- ▲ Mr Campbell McComb *Managing Director and Interim Chairman (Appointed 6 March 2018)*
- ▲ Mr Michael Hynes *Executive Director and COO*
- ▲ Mr Brad Harrison *Non-Executive Director (appointed 19 October 2018)*
- ▲ Mr Jay Stephenson *Non-Executive Director and Chairman (resigned 31 March 2019)*

12.2. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that Director and executive reward satisfies the following key criteria for good reward governance practices:

- ▲ competitiveness and reasonableness;
- ▲ acceptability to shareholders;
- ▲ transparency; and
- ▲ capital management.

The Group has structured an executive remuneration framework that is market competitive, based on a review of similar company remuneration policies, and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- ▲ focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value;
- ▲ attracts and retains high calibre executives;
- ▲ rewards capability and experience;
- ▲ reflects competitive reward for contribution to shareholder growth;
- ▲ provides a clear structure for earning rewards; and
- ▲ provides recognition for contribution.

a. Relationship between Remuneration of Key Management Personnel and Shareholder Wealth

The remuneration is currently set at commercially reasonable / appropriate / benchmarked level. KMP (and certain staff) received incentive options in which will only be of value if the Company's share price increased sufficiently to warrant exercising the incentive options. Since listing the Company has recorded losses due to the nature of its principal activities, and no dividend has been paid.

Bonuses will be paid based on clarification on KMP performance not on financial performance at the discretion of the Board. The practices of negotiation and annual review of Executive Directors' and KMP's performance and remuneration are carried out throughout the year, in an informal way by the Managing Director who makes recommendations to the Board. The Chairman of the Board who makes recommendations to the full Board undertakes, in an informal way, the review of the Managing Director's performance and remuneration.

The Board will meet at least annually or as required, usually on the anniversary date of each service agreement for the particular Director and/or KMP. At these meetings, the particular Director and/or KMP will declare his/her interest and not vote, and he/she will depart from the meeting, so as not to be present whilst the issue is being discussed

Directors' report

12. Remuneration report (audited) continued

b. Non-executive Directors

Fees and payments to Non-Executive Directors reflect their responsibilities and the demands placed on individual Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Non-Executive Directors' fees are determined within the Non-Executive Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at \$250,000 per annum for Non-Executive Directors.

c. Fixed Remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the directors' and senior executives' remuneration is competitive in the market place. During the period no such consultant was used and no senior executive's other than directors were employed.

d. Performance Based Remuneration – Short-term and long-term incentive structure

The Group adopted a performance-based option plan that is intrinsically linked to maximising shareholder wealth upon listing on the ASX in 2015. Details of these options can be found at Note 22.

▲ Short-term incentives

Short-term incentives in the form of cash bonuses were granted during the year as disclosed in 12.3 below.

▲ Long-term incentives

The Board has a policy of granting incentive options to executives with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

The directors of the Company are not eligible to participate in the "Auctus Alternative Investments Limited Employee Incentive Option Plan".

e. Service Contracts

Remuneration and other terms of employment for the directors and KMP are formalised in contracts of employment, details of which can be found at 12.4 of the Directors report.

f. Engagement of Remuneration Consultants

During the financial year, the Company did not engage any remuneration consultants.

g. Relationship between Remuneration of Key Management Personnel and Earnings

As discussed above, the Group is currently undertaking technology incubation and it is the assets of the company that are expected to become profitable operations with the parent realising profits through material asset sales. The Board does not currently consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

12.3. Remuneration Details for the Year Ended 30 June 2019

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group.

Group Key Management Person	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Termination benefits	Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other	Equity	Options		
	\$	\$	\$	\$	\$	\$		\$	\$	\$
Campbell McComb	330,000	165,000	-	-	20,531	-	182,798	-	-	698,329
Michael Hynes	150,000	85,000	-	-	-	-	182,798	-	-	417,798
Brad Harrison ⁽¹⁾	52,891	-	-	-	-	-	-	150,238	-	203,129
Jay Stephenson ⁽²⁾	41,063	-	-	-	-	-	-	-	-	41,063
	573,954	250,000	-	-	20,531	-	365,596	150,238	-	1,360,319

(1) Mr Harrison was appointed on 19 October 2018.

(2) Mr Stephenson resigned as a director of Auctus Alternative Investments Limited on 31 March 2019

Directors' report

12. Remuneration report (audited) continued

2018 Group Key Management Person	Short-term benefits				Post- employment benefits	Long-term benefits	Equity-settled share- based payments		Termination benefits	Total
	Salary, fees and leave	Profit share and bonuses	Non- monetary	Other	Super- annuation	Other	Equity	Options		
	\$	\$	\$	\$	\$	\$		\$	\$	\$
Jay Stephenson ⁽¹⁾	54,750	-	-	-	-	-	-	49,071	-	103,821
Campbell McComb	165,000	-	-	-	10,017	-	-	-	-	175,017
Michael Hynes ⁽²⁾	150,000	-	-	-	-	-	-	140,701	-	290,701
Shashi Fernando ⁽³⁾	41,652	-	-	-	-	-	-	-	-	41,652
John Bell ⁽⁴⁾	260,373	-	-	-	-	-	-	102,762	-	363,135
	671,775	-	-	-	10,017	-	-	292,534	-	974,326

(1) On 19 September 2017 the company granted 4,000,000 options to Mr Stephenson, with respect of debt forgiveness for amounts payable up to 21 May 2017 for which \$49,071 of share-based payments expense has been recognised in the 2018 year. Grant date is 19 September 2017 in accordance with AASB 2, the options were issued on 4 October 2017.

(2) On 19 September 2017 the company granted 15,000,000 options to Mr Hynes, for which \$140,701 of share-based payments expense has been recognised in the 2018 year. Grant date is 19 September 2017 in accordance with AASB 2, the options were issued on 4 October 2017.

(3) Mr Fernando resigned as a director of Auctus Alternative Investments Limited on 4 October 2017. The benefits include amounts paid while he was still director of a subsidiary after this point.

(4) In respect to Mr Bell's 2018 remuneration, fees have been settled in cash up to his date of resignation, being 4 April 2018. On 19 September 2017 the company granted 10,000,000 options to Mr Bell, for which \$102,762 of share-based payments expense has been recognised in the 2018 year. Grant date is 19 September 2017 in accordance with AASB 2, the options were issued on 4 October 2017.

12.4. Service Agreements

a. Contract with Mr Campbell McComb

Mr McComb is a director of Auctus. He has entered into a contract effective 1 January 2018, with remuneration of \$330,000 per annum, plus superannuation at the greater of 9.5% and statutory minimum requirements.

▲ Auctus will reimburse all reasonable expenses incurred by Mr McComb for all reasonable out-of-pocket expenses.

▲ Mr McComb will be eligible to participate in any short-term and long-term incentive arrangements operated or introduced by the Company from time to time:

- ▶ In accordance with the terms and conditions governing those arrangements;
- ▶ As determined or varied (including in respect of the form of any benefit provided to the executive) at the discretion of the board from time to time.

▲ Auctus may terminate the contract with Mr McComb employee immediately for cause. Auctus may otherwise terminate without cause at any time by payment to Mr McComb of six months annual remuneration.

▲ The contract may otherwise be terminated by either party upon six months written notice to the other party.

b. Contract with Mr Michael Hynes

Mr Hynes is a director of Auctus. He entered into a contract with the Company effective the date of his appointment, being 23 June 2017, with remuneration of \$150,000 per annum.

c. Contract with Mr Brad Harrison

Mr Harrison is a Director of Auctus. He entered into a contract with the Company effective the date of his appointment, being 19 October 2018, with remuneration of US\$50,000 per annum.

Directors' report

12. Remuneration report (audited) continued

12.5. Share-based compensation

a. Director Incentive Options

The Board has a policy of granting incentive options to executives with exercise prices above market share price.

In line with this policy, options were issued to the directors to appropriately incentivise and provide cost effective remuneration to the Directors for their ongoing commitment and contribution to the Company and to continue to vigorously pursue and fulfil the Company's stated objectives, with terms summarised below (adjusted for a share consolidation as detailed in note 7.1.3):

2019

Number under Option	Grant Date	Date of Expiry	Exercise Price	Vesting Terms	Value per Option
1,500,000	22 October 2018	22 October 2021	\$1.00	Immediately upon issue	\$0.063

Number under Option	Grant Date	Date of Expiry	Exercise Price	Performance Condition	Milestone Date	Performance Condition Satisfied	Value per Option
1,500,000	22 October 2018	22 October 2021	\$1.00	Subject to completion of the Company's proposed investment in Scout Venture Fund III, with the number of Options that vest to be calculated using the formula: $1,500,000 \times ((Y - 2,500,000) / 2,500,000) = Z$ Where: Y = the total committed capital in Scout Venture Fund III up to a maximum of \$50,000,000. If the Scout Venture Fund III conducts a final closing prior to reach committed capital of \$50,000,000 or more then Y is equal to the committed capital at the time of final closing. If the committed capital is less than \$25,000,000 then no Options shall vest.; and Z = the number of options that vest. The Company has assessed a 60% probability of meeting the maximum committed capital	Undefined however expected to be known prior to December 2019	No	\$0.063

2018

Tranche	Number under Option ⁽⁵⁾⁽⁶⁾⁽⁷⁾	Date of Expiry	Exercise Price ⁽⁵⁾⁽⁷⁾	Vesting Terms ⁽²⁾⁽³⁾⁽⁴⁾	Escrow ⁽¹⁾
Tranche 1	650,000	1 December 2021	\$0.60	Vest over 12 months	25% for a period of 3 months from the date of issue
Tranche 2	650,000	1 December 2021	\$1.20	Vest over 12 months	25% for a period of 6 months from the date of issue
Tranche 3	1,200,000	1 December 2021	\$2.20	Vest over 12 months	50% for a period of 12 months from the date of issue
	2,500,000				

⁽¹⁾ Subject to any longer escrow period that ASX may impose.

⁽²⁾ Subject to the beneficiary of the Director Incentive Options being either (1) in continuous employment/service agreement with Auctus and/or the Company or (2) not a Bad Leaver;

⁽³⁾ The parties shall agree Good Leaver and Bad Leaver provisions as part of implementing the transaction.

⁽⁴⁾ The Director Incentive Options are exercisable at any time from when they vest, to on or before 5.00pm (AWST) on their expiry date wholly or in part by delivering a duly completed form of notice of exercise to the Company, accompanied by payment of the exercise moneys.

⁽⁵⁾ There will be no change to the exercise price of a Director Incentive Option or the number of Shares over which a Director Incentive Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than for a bonus issue, see further below).

⁽⁶⁾ If there is a bonus issue to the holders of Shares in the capital of the Company, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

⁽⁷⁾ If, prior to the expiry of any Director Incentive Options, there is a reorganisation of the issued capital of the Company, the Director Incentive Options shall be reorganised in the manner set out in the Listing Rules.

Directors' report

12. Remuneration report (audited) continued

b. Options and Rights Granted as Remuneration

Options or rights were granted as remuneration during 2019 to KMP as summarised above, amounting to 3,000,000 performance rights (2018: 2,500,000) (adjusted for a share consolidation as detailed in note 7.1.3).

Details relating to service and performance criteria required for vesting have been provided in the within the financial statements at Note 22 Share-Based Payments.

12.6. Key Management Personnel equity holdings

a. Fully paid ordinary shares of Auctus Alternative Investments Limited held by each Key Management Personnel

2019 – Group <i>Group Key Management Person</i>	Balance at start of year / date of appointment No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Effect of share consolidation No.	Balance at end of year / date of resignation No.
Campbell McComb ⁽¹⁾	9,574,928	-	-	2,320,000	(8,617,435)	3,277,493
Michael Hynes	14,177,216	-	-	-	(12,759,493)	1,417,723
Brad Harrison ⁽²⁾	-	-	-	300,000	(270,000)	30,000
Jay Stephenson ⁽³⁾	2,130,647	-	-	-	(1,917,582)	213,065
	25,882,791	-	-	2,620,000	(23,564,510)	4,938,281

⁽¹⁾ Other changes during the year in respect to Mr McComb relate to a combination of:

- 750,000 shares issued to Mr McComb as part of the consideration paid for acquisition of Auctus Asset Management Pty Ltd (formerly High Line Alternative Investments Pty Ltd) during the year (in voluntary escrow until 15 December 2019);
- 1,500,000 shares issued to Mr McComb as part of the consideration paid for acquisition of Auctus Asset Management Pty Ltd during the year (in voluntary escrow until 26 June 2020) and
- 70,000 shares purchased in his capacity as shareholder;

⁽²⁾ Other changes during the year in respect to Mr Harrison represent shares purchased in his capacity as shareholder during the year.

⁽³⁾ Mr Stephenson resigned as a director of Auctus Alternative Investments Limited on 31 March 2019.

b. Options in Auctus Alternative Investments Limited held by each Key Management Personnel

2019 <i>Group Key Management Person</i>	Balance at start of year / date of appointment No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Effect of share consolidation No.	Balance at end of year / date of resignation No.	Vested and Exercisable No.	Not Vested No.
Campbell McComb	-	-	-	-	-	-	-	-
Michael Hynes	15,000,000	-	-	-	(13,500,000)	1,500,000	-	1,500,000
Brad Harrison ⁽¹⁾⁽²⁾	-	30,000,000	-	-	(27,000,000)	3,000,000	-	3,000,000
Jay Stephenson ⁽³⁾	4,000,000	-	-	-	(3,600,000)	400,000	400,000	-
	19,000,000	30,000,000	-	-	(44,100,000)	4,900,000	400,000	4,500,000

Directors' report

12. Remuneration report (audited) continued

⁽¹⁾ Director options – Bradley Harrison

During the year approval was obtained to issue 1,500,000 options to Bradley Harrison upon the later of the appointment of Mr Bradley Harrison as a Director or shareholders approving the issue of the Options (adjusted for a share consolidation as detailed in note 7.1.3):

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
1,500,000	22 October 2021	\$1.00	Immediately upon issue

⁽²⁾ Director options (performance condition)– Bradley Harrison

During the year approval was obtained to issue 1,500,000 options to Bradley Harrison upon and subject to completion of the Company's proposed investment in Scout Venture Fund III (adjusted for a share consolidation as detailed in note 7.1.3)

Number under Option	Date of Expiry	Exercise Price	Performance Condition	Milestone Date	Performance Condition Satisfied
1,500,000	22 October 2021	\$1.00	Subject to completion of the Company's proposed investment in Scout Venture Fund III, with the number of Options that vest to be calculated using the formula: $1,500,000 \times ((Y - 2,500,000) / 2,500,000) = Z$ Where: Y = the total committed capital in Scout Venture Fund III up to a maximum of \$50,000,000. If the Scout Venture Fund III conducts a final closing prior to reach committed capital of \$50,000,000 or more then Y is equal to the committed capital at the time of final closing. If the committed capital is less than \$25,000,000 then no Options shall vest.; and Z = the number of options that vest. The Company has assessed a 60% probability of meeting the maximum committed capital	Undefined however expected to be known prior to December 2019	No

⁽³⁾ Mr Stephenson resigned as a director of Auctus Alternative Investments Limited on 31 March 2019.

c. Performance Rights in Auctus Alternative Investments Limited held by each Key Management Personnel

2019 Group Key Management Person	Balance at start of year / date of appointment No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Balance at end of year / date of resignation No.
Campbell McComb ⁽¹⁾	-	1,250,000	-	-	1,250,000
Michael Hynes ⁽¹⁾	-	1,250,000	-	-	1,250,000
Brad Harrison	-	-	-	-	-
Jay Stephenson	-	-	-	-	-
	-	2,500,000	-	-	2,500,000

Directors' report

12. Remuneration report (audited) continued

- ⁽¹⁾ As approved by shareholders 29 November 2018 the Company issued 2,500,000 performance rights to Messers Campbell McComb and Michael Hynes to provide a performance linked incentive component in the Directors' remuneration packages to assist the Company in rewarding his performance, and to align their interests with those of Shareholders on the terms as detailed below and as detailed below and in Note 22.3.1c.

Service Condition: Continuous employment by each of the Directors in their current position (or equivalent) from Grant Date to Vesting Date. Subject to the Plan Rules, Performance Rights will generally lapse on resignation or dismissal. For the avoidance of doubt, retirement by a Director at a general meeting in accordance with the rotation requirements of the Company's Constitution will not constitute a break in the relevant Director's continuous employment where he is re-appointed at the same general meeting.

Performance Conditions:

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date	Performance Condition Satisfied
A	Subject to funds held in managed investment trusts or similar entities which are managed by the AVC group or held funds in respect of the AVC group as investment manager (Funds Under Management or Advice) exceeds \$50 million on or before 30 June 2020;	1,250,000	30 June 2020	30 June 2020	No
B	Subject to funds held in managed investment trusts or similar entities which are managed by the AVC group or held funds in respect of the AVC group as investment manager (Funds Under Management or Advice) exceeds \$100 million on or before 30 June 2021.	1,250,000	30 June 2021	30 June 2021	No

12.7. Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

12.8. Loans to Key Management Personnel

There are no loans made to directors of Auctus as at 30 June 2019 (2018: nil).

12.9. Other transactions with Key Management Personnel and or their Related Parties

On 7 November 2017, the Company signed a Binding Terms Sheet (**Terms Sheet**) to acquire 100% of the issued capital of High Line Alternative Investments Pty Ltd (**HLAI**) (now renamed Auctus Asset Management Pty Ltd). On 6 March 2018, the Company completed the acquisition. The Terms Sheet included the Company entering into a formal share sale agreement with the Camac Investments Pty Ltd (ACN 167 063 425) (**Camac**) (the sole shareholder of HLAI). Mr Campbell McComb is the sole shareholder of Camac and was appointed as Managing Director of the Company on 6 March 2018.

The consideration payment for the acquisition of HLAI is to be satisfied through the issue of up to 3,000,000 ordinary fully paid Auctus shares (**Consideration Shares**) (adjusted for a share consolidation as detailed in note 7.1.3) comprising:

- ▲ 750,000 ordinary fully paid shares in the issued capital of the Company; and
- ▲ 2,250,000 Contingent consideration shares, for a combined fair value of \$1,171,500.

These Consideration Shares were issued during the year ended 30 June 2019 as the associated milestones were met.

For further details refer to Note 10 Business combinations.

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with related parties, refer Note 19 Related party transactions.

END OF REMUNERATION REPORT

Directors' report

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).



CAMPBELL MCCOMB

Managing Director and Interim Chairman

Dated this Monday, 30 September 2019

**Bentleys Audit & Corporate
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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the audit of the financial statements of Auctus Alternative Investments Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2019

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Continuing operations			
Revenue	1	532,974	333,293
Share of associates income	13	39,647	-
Other income	1	116,778	420,523
		689,399	753,816
Costs of sales		(130,923)	-
		558,476	753,816
Business development		(300,417)	(40,681)
Compliance costs		(329,259)	(343,692)
Computers and communications		(35,505)	(3,907)
Depreciation and amortisation	2.1	(60,827)	(276,731)
Employee benefits expenses	2.3	(1,537,426)	(1,287,153)
Finance costs		(20,298)	(4,938)
Impairment	2.2	(4,918)	(477,560)
Professional fees		(164,176)	(73,465)
Rent and utilities		(85,017)	(62,074)
Share-based payments	22	(531,127)	(773,404)
Other (expenses) / recoveries		(471,424)	5,363
Loss before tax		(2,981,918)	(2,584,426)
Income tax benefit / (expense)	4	-	15,136
Loss from continuing operations		(2,981,918)	(2,569,290)
Discontinued Operations			
Profit / (loss) from discontinued operations (attributable to equity holders of the Company)	11	4,202,071	(795,889)
Net profit / (loss) for the year		1,220,153	(3,365,179)
Other comprehensive income, net of income tax			
⚠ Items that will not be reclassified subsequently to profit or loss		-	-
⚠ Items that may be reclassified subsequently to profit or loss:			
Foreign currency movement		(131,824)	(20,145)
Other comprehensive income for the year, net of tax		(131,824)	(20,145)
Total comprehensive income attributable to members of the parent entity		1,088,329	(3,385,324)
Profit/(loss) for the period attributable to:			
⚠ Non-controlling interest		247,793	(339,205)
⚠ Owners of the parent		972,360	(3,025,974)
Total comprehensive income/(loss) attributable to:			
⚠ Non-controlling interest		247,793	(346,984)
⚠ Owners of the parent		840,536	(3,038,340)

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Total comprehensive income/(loss) attributable to owners of the Company arises from:			
▲ Continuing operations		(3,113,742)	(2,589,435)
▲ Discontinued operations		4,202,071	(795,889)
Earnings per share:		2019 ¢	2018 ¢
From continuing and discontinuing operations:			
▲ Basic earnings per share (cents per share)	21	3.61	(16.66)
▲ Diluted earnings per share (cents per share)	21	2.34	N/A
Continuing operations			
▲ Basic and diluted earnings per share (cents per share)	21	(11.18)	(12.97)
Discontinued Operations			
▲ Basic and diluted earnings per share (cents per share)	21	14.79	(3.69)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	5.1	518,627	282,077
Trade and other receivables	5.2	36,959	520,213
Other current assets		80,127	3,723
Assets classified as held for sale	11.3.3a	15,426	-
Total current assets		651,139	806,013
Non-current assets			
Plant and equipment	6.1	19,516	25,145
Intangible assets	6.2	1,815,825	1,160,799
Financial assets	5.3	4,268,489	818,091
Investments in associates	13	1,331,171	-
Total non-current assets		7,435,001	2,004,035
Total assets		8,086,140	2,810,048
Current liabilities			
Trade and other payables	5.4	1,831,440	1,908,289
Short-term provisions	6.3	65,659	30,707
Current tax liabilities	4	-	-
Borrowings	5.5	1,966	89,662
Liabilities directly associated with assets classified as held for sale	11.3.3b	385,457	-
Total current liabilities		2,284,522	2,028,658
Total liabilities		2,284,522	2,028,658
Net assets		5,801,618	781,390
Equity			
Issued capital	7.1.1	23,473,247	19,230,975
Reserves	7.4	858,312	(1,618,988)
Accumulated losses		(18,267,730)	(15,444,806)
Non-controlling interest		(262,211)	(1,385,791)
Total equity		5,801,618	781,390

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
for the year ended 30 June 2019

		Issued Capital \$	Accumulated Losses \$	Business Combination under Common Control \$	Foreign Exchange Translation Reserve \$	Contingent Consideration Reserve \$	Option Reserve \$	Non- controlling Interest (NCI) \$	Total \$
Balance at 1 July 2017		15,457,337	(10,965,267)	(4,701,018)	(205,570)	-	129,342	(928,881)	(1,214,057)
Loss for the year attributable owners of the parent		-	(3,025,974)	-	-	-	-	(339,205)	(3,365,179)
Other comprehensive income for the period attributable owners of the parent		-	-	-	(20,145)	-	-	(7,771)	(27,916)
Total comprehensive income for the year attributable owners of the parent		-	(3,025,974)	-	(20,145)	-	-	(346,976)	(3,393,095)
Transaction with owners, directly in equity									
Shares issued during the year	7.1.1	3,773,638	-	-	-	-	-	-	3,773,638
Contingent consideration on acquisition of a subsidiary	10.1.4	-	-	-	-	841,500	-	-	841,500
Options issued during the year	7.2	-	-	-	-	-	773,404	-	773,404
Expiration of options	7.2	-	38,086	-	-	-	(38,086)	-	-
Disposal of subsidiary and transfers from NCI and BCUC Reserves		-	(1,491,651)	1,601,585	-	-	-	(109,934)	-
Balance at 30 June 2018		19,230,975	(15,444,806)	(3,099,433)	(225,715)	841,500	864,660	(1,385,791)	781,390
Balance at 1 July 2018		19,230,975	(15,444,806)	(3,099,433)	(225,715)	841,500	864,660	(1,385,791)	781,390
Profit for the year attributable owners of the parent		-	972,360	-	-	-	-	247,793	1,220,153
Other comprehensive income for the year attributable owners of the parent		-	-	-	(131,824)	-	-	-	(131,824)
Total comprehensive income for the year attributable owners of the parent		-	972,360	-	(131,824)	-	-	247,793	1,088,329
Transaction with owners, directly in equity									
Shares issued during the year, net of transaction costs	7.1.1	3,400,772	-	-	-	-	-	-	3,400,772
Contingent consideration converted to issued capital	10.1.4	841,500	-	-	-	(841,500)	-	-	-
Options issued during the year	7.2	-	-	-	-	-	185,372	-	185,372
Performance rights issued during the year	7.3	-	-	-	-	-	345,755	-	345,755
Expiration of options	7.2	-	179,936	-	-	-	(179,936)	-	-
Disposal of subsidiary and transfers from NCI and BCUC Reserves		-	(3,975,220)	3,099,433	-	-	-	875,787	-
Balance at 30 June 2019		23,473,247	(18,267,730)	-	(357,539)	-	1,215,851	(262,211)	5,801,618

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		8,008,498	7,829,894
Research and Development grants received		163,886	352,575
Interest received		3,227	1,486
Interest and borrowing costs		110,443	(15,806)
Payments to suppliers and employees		(10,706,668)	(9,966,223)
Income tax expense		813	(16,757)
Net cash used in operating activities	5.1.2a	(2,419,801)	(1,814,831)
Cash flows from investing activities			
Payments for property, plant, and equipment		(639)	(29,072)
Payments for intangible assets		(693,214)	(157,095)
Net cash (disposed of) / acquired on disposal of subsidiary	5.1.2f	(12,296)	(43,132)
Net cash acquired on acquisition of subsidiary	5.1.2g	-	201
Cash deemed available for sale on discontinued operation		(15,426)	-
Payments for purchase of investments		-	(931,138)
Net cash used in investing activities		(721,575)	(1,160,236)
Cash flows from financing activities			
Proceeds from issue of shares		3,310,737	2,731,780
Payments for transaction costs		(39,964)	-
Proceeds from borrowings	5.1.2b	106,536	278,540
Net cash provided by financing activities		3,377,309	3,010,320
Net increase/(decrease) in cash held		235,933	35,253
Cash and cash equivalents at the beginning of the year		282,077	236,899
Change in foreign currency held		617	9,925
Cash and cash equivalents at the end of the year	5.1	518,627	282,077

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the year ended 30 June 2019

In preparing the 2019 financial statements, Auctus Alternative Investments Limited has grouped notes into sections under five key categories:

▲ Section A: How the numbers are calculated	23
▲ Section B: Risk	47
▲ Section C: Group structure	52
▲ Section D: Unrecognised items	62
▲ Section E: Other Information	63

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The presentation of the notes to the financial statements has changed from the prior year and is supported by the IASB's Disclosure Initiative. As part of this project, the AASB made amendments to AASB 101 Presentation of Financial Statements which have provided preparers with more flexibility in presenting the information in their financial reports.

The financial report is presented in Australian dollars, except where otherwise stated.

Notes to the consolidated financial statements

for the year ended 30 June 2019

SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.*
- (b) analysis and sub-totals.*
- (c) information about estimates and judgements made in relation to particular items.*

Note	1	Revenue and other income	Note	2019 \$	2018 \$
1.1		Revenue			
		Sales		503,811	333,132
		Interest revenue		29,163	161
				532,974	333,293
1.2		Other Income			
		Foreign exchange loss		(27,229)	(8)
		Gain on forgiveness of liabilities	7.1.4, 7.1.6	-	834,993
		Gain on sale of subsidiaries	5.1.2f(3)	-	(81,476)
		Gain / (loss) on fair value of investment		146,896	(365,247)
		Other losses / (income)		(2,889)	32,261
				116,778	420,523

1.3 Accounting policy

1.3.1 Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations; and

Step 5: Recognise the revenue as the performance obligations are satisfied.

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note	1	Revenue and other income (cont.)
		<p>The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:</p> <ul style="list-style-type: none"> i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; ii. the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or iii. the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. <p>Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.</p>
1.3.2	<i>Interest income</i>	Interest revenue is recognised in accordance with Note 3.1 Finance income and expenses.
1.3.3	<i>Government grants</i>	Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.
1.3.4	<i>Change in Accounting Policy</i>	There was no effect from the adoption of AASB 15 for the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note	2	Loss before income tax	2019 \$	2018 \$
The following significant revenue and expense items are relevant in explaining the financial performance:				
2.1	Depreciation and amortisation:			
	▲	Depreciation of plant and equipment	6,268	3,055
	▲	Amortisation of intangibles	54,559	273,676
			60,827	276,731
2.1.1	<i>Accounting policy</i>			
	a.	<i>Depreciation of plant and equipment</i> Refer to note 6.1.1c.		
	b.	<i>Amortisation of intangibles</i> Refer to note 6.2.4b		
2.2	Impairment:		2019 \$	2018 \$
	▲	Intangible assets	-	443,978
	▲	Receivables	-	33,582
	▲	Other	4,918	-
			4,918	477,560
2.2.1	<i>Accounting policy</i>			
	a.	<i>Impairment of financial assets</i> Refer to note 5.3.5d		
	b.	<i>Impairment of non-financial assets</i> Refer to note 6.4.1		
2.3	Employment costs		2019 \$	2018 \$
	▲	Contractors and consultants	221,103	721,281
	▲	Directors fees	93,954	54,750
	▲	Increase in employee benefits provisions	40,883	18,123
	▲	Superannuation and National Insurance Contributions	68,657	58,489
	▲	Wages and salaries	1,079,796	435,263
	▲	Other employment related costs / (recoveries)	33,033	(753)
			1,537,426	1,287,153

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 2 Loss before income tax (cont.)

2.3.1 Accounting policy

a. *Short-term benefits*

Liabilities for employee benefits for wages, salaries, National Insurance, superannuation, and leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax. Liabilities for employee benefits expected to be settled in excess of the 12 months from reporting date are recognised as non-current liabilities. Due to the age of the Group, no such liabilities are currently recognised in the Group.

National Insurance (**NICs**) is a system of contributions paid by workers and employers towards the cost of certain state benefits in the United Kingdom. It is contributory system of insurance against illness and unemployment, retirement pensions, and other benefits.

Non-accumulating non-monetary benefits, such as medical care, housing and relocation costs, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

b. *Retirement benefit obligations: Defined contribution superannuation funds*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

c. *Termination benefits*

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

d. *Equity-settled compensation*

The Group operates an employee share option plan. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

Note 3 Other Significant Accounting Policies related to items of profit and loss

3.1 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note	4	Income tax	2019 \$	2018 \$
4.1		Income tax (benefit) / expense		
		Current tax	-	(15,136)
		Deferred tax	-	-
			-	(15,136)
		Deferred income tax expense included in income tax expense comprises:		
		▲ Increase / (decrease) in deferred tax assets	4.5 391,010	36,169
		▲ (Increase) / decrease in deferred tax liabilities	(391,010)	(36,169)
			-	-
4.2		Reconciliation of income tax expense to prima facie tax payable		
		The prima facie tax payable/(benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
		Accounting loss before tax	(2,981,918)	(2,584,426)
		Prima facie tax on operating loss at 27.5% (2018: 27.5%)	(820,027)	(710,717)
		Add / (Less) tax effect of:		
		▲ Assessable/(non-assessable) income		(4,999)
		▲ Non-deductible expenses	146,060	168,266
		▲ International tax rate differences	(144,889)	(17,753)
		▲ Deferred tax asset not brought to account	373,462	779,907
		▲ Tax effect of discontinued operations	650,770	(229,289)
		▲ Non-assessable consolidation adjustments	(205,376)	-
		▲ Other	-	(551)
		Income tax expense/(benefit) attributable to operating loss	-	(15,136)
			%	%
4.3		The applicable weighted average effective tax rates attributable to operating profit are as follows:	-	0.59
			\$	\$
4.4		Balance of franking account at year end of the parent	nil	nil

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note	4	Income tax (cont.)	2019 \$	2018 \$
4.5		Deferred tax assets		
		Payables, accrued expenses, and provisions	46,628	56,675
		Intangibles	33,515	4,562
		Revaluation of investments	-	61,869
		Other	107,311	87,587
		Tax losses	3,226,577	2,971,992
			3,414,031	3,182,685
	4.6	Set-off deferred tax liabilities	(391,010)	(36,169)
		Net deferred tax assets	3,023,021	3,146,516
		Less deferred tax assets not recognised	(3,023,021)	(3,146,516)
		Net tax assets	-	-
4.6		Deferred tax liabilities		
		Revaluation of Investments	355,792	-
		Property Plant and Equipment	-	1,831
		Capital raising costs	-	34,338
		Other	35,218	-
			391,010	36,169
	4.5	Set-off deferred tax assets	(391,010)	(36,169)
		Net deferred tax liabilities	-	-
4.7		Tax losses and deductible temporary differences		
		Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
		▲ Deductible temporary differences	-	174,525
		▲ Revenue losses	2,304,190	2,570,758
		▲ Capital losses	922,387	401,233
			3,226,577	3,146,516

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the company continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 4 Income tax (cont.)****4.8 Accounting policy**

The income tax expense / (income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Where the Group receives a governmental research and development tax incentive, The Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 5 Financial assets and financial liabilities

5.1	Cash and cash equivalents	2019 \$	2018 \$
	Cash at bank	518,627	282,077
		518,627	282,077

5.1.1 The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 8 Financial risk management.

5.1.2	Cash Flow Information	2019 \$	2018 \$
a.	Reconciliation of cash flow from operations to loss after income tax		
	Loss after income tax	1,220,153	(3,365,179)
	Cash flows excluded from loss attributable to operating activities		
	<i>Non-cash flows in (loss)/profit from ordinary activities:</i>		
	▲ Amounts payable forgiven	-	(973,862)
	▲ Depreciation and amortisation 2.1	60,827	294,503
	▲ Fair value adjustments	(1,603,756)	373,047
	▲ Loss / (gain) of sale of subsidiaries 5.1.2f(3)	(3,291,921)	81,476
	▲ Impairment	7,113	740,290
	▲ Non-cash interest on loans receivable	(28,936)	-
	▲ Payables of the Group settled through loans	-	12,500
	▲ Share-based payments 22	531,127	773,404
	▲ Share of associates profit or loss	(39,647)	-
	▲ Unrealised foreign exchange gains and losses	27,593	-
	<i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</i>		
	▲ (Increase)/decrease in trade and other receivables	517,787	(576,939)
	▲ Decrease/(increase) in other receivable and prepayments	(83,218)	(28,560)
	▲ Increase in trade and other payables	149,553	915,756
	▲ Increase/decrease in provisions	112,711	1,732
	▲ (Decrease)/increase in taxes	813	(62,999)
	Cash flow (used in)/generated from operations	(2,419,801)	(1,814,831)

b. Reconciliation of liabilities arising from financing activities

	2018 \$	Cash flows \$	Acquisitions / (Disposals) ⁽¹⁾ \$	Non-cash changes Foreign Exchange \$	Fair Value Changes \$	Other ⁽²⁾ \$	2019 \$
Short-term borrowings	89,662	106,536	(65,777)	1,545	-	(130,000)	1,966
Long-term borrowings	-	-	-	-	-	-	-
Total liabilities from financing activities	89,662	106,536	(65,777)	1,545	-	(130,000)	1,966

(1) Represents net loans disposed of and recognised on the sale of the Groups controlling interest in Gophr.

(2) Represents conversion of debt instrument to equity.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 5 Financial assets and financial liabilities (cont.)

5.1 Cash and cash equivalents (cont.)

c. Credit and loan standby arrangement with banks

Refer Note 5.5.3 Financing facilities available.

d. Non-cash investing and financing activities

In the 2018 financial year, lenders and creditors agreed to accept the issue of 17,671,601 shares in the Company in exchange for writing off all claims against the Company for amounts owing to him. This amounts to a conversion of \$708,747 at \$0.04 per share and a debt forgiveness benefit to the Company of \$860,953.

Refer also to note 5.1.2e, 5.1.2f, and 5.1.2g below.

e. Disposal of Gophr Limited (Gophr)

Note

2019

\$

On 31 May 2019, the Company completed a Share Purchase Agreement (SPA) to sell down its 75% equity in Gophr to 32.5%. Comparative balances in the Statement of Comprehensive income have been adjusted for this disposal. The result of the sale resulted in a gain of \$4,718,670.

(1) *Cash proceeds:*

Cash proceeds received	-
Cash held by Gophr at date of sale	(12,296)
Cash out-flow on sale	(12,296)

(2) *Proceeds receivable from sale*

Convertible note	1,273,525
Vendor loan receivable	1,688,884
	2,962,409

(3) *Assets and liabilities held at sale date (excluding cash) excluded from the consolidated statement of cash flow:*

▲ Trade and other receivables	471,805
▲ Trade and other payables	(799,747)
▲ Provisions	(2,998)
▲ Borrowings	(146,393)
Net liabilities held on sale	(477,333)

(4) *Gain on Sale:*

▲ Cash out-flow on sale	5.1.2e(1)	(12,296)
▲ Proceeds receivables		2,962,409
▲ Other net liabilities	5.1.2e(3)	477,333
▲ Gain on fair value of remaining equity interest		1,291,224
		4,718,670

(5) *Fair value of remaining equity interest*

Implicit fair value	1,291,224
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Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 5 Financial assets and financial liabilities (cont.)

5.1 Cash and cash equivalents (cont.)

f. Disposal of Prism Digital Limited (Prism)

Note

2018

\$

On 29 June 2018 Auctus Alternative Investments Limited (**AVC**) sold its 60% equity in Prism via a share purchase agreement. The result of the sale resulted in a loss of \$81,476.

(1) Cash proceeds:

Cash proceeds received	35,499
Cash held by Prism at date of sale	(78,631)
Cash out-flow on sale	(43,132)

(2) Assets and liabilities held at sale date (excluding cash) excluded from the consolidated statement of cash flow:

Trade and other receivables	570,690
Other current assets	39,352
Tax assets receivable	15,463
Plant and equipment	9,154
Trade and other payables	(291,002)
Borrowings	(270,635)
Net assets held at liquidation	73,022

(3) Loss on Sale:

Cash out-flow on sale	5.1.2f(1)	(43,132)
Other net assets	5.1.2f(2)	(73,022)
Non-controlling interest at sale and Foreign Exchange		34,678
		(81,476)

2018

\$

g. Acquisition of entities: Highline Alternative Investments Pty Ltd (HLAI)

On 6 March 2018 the Company acquired 100% of the ordinary share capital and voting rights in HLAI as described in Note 10.1

(1) Purchase consideration:

Consideration exchanged	10.1	1,171,500
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(2) Cash acquired:

Cash held by HLAI at date of acquisition	10.1	201
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(3) Assets and liabilities held at acquisition date (excluding cash) excluded from the consolidated statement of cash flow:

Trade and other receivables		13,816
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5.1.3 Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of nine months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of Financial Position.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 5 Financial assets and financial liabilities (cont.)

5.2	Trade and other receivables	Note	2019	2018
			\$	\$
5.2.1	<i>Current</i>			
	Trade debtors	5.2.3	7,264	642,231
	Other receivables		29,695	19,779
	Less: Provision for Impairment		-	(141,797)
			36,959	520,213

5.2.2 The Group's exposure to credit rate risk is disclosed in Note 8 Financial risk management.

5.2.3 The average credit period on sales of goods and rendering of services ranges from 30 to 60 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods and rendering of services, determined by reference to past default experience. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

5.2.4 *Accounting policy*

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Collectability of trade and other receivables are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

a. *Impairment*

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the consolidated financial statements for the year ended 30 June 2019

Note 5 Financial assets and financial liabilities (cont.)

5.3	Financial assets	Note	2019 \$	2018 \$
5.3.1	<i>Non-current</i>			
	Managed Investment – at fair value through profit and loss	5.3.2	1,305,097	818,091
	Loans receivable – at amortised cost	5.3.3a	1,689,290	-
	Convertible notes receivable – at amortised cost	5.3.3b	1,274,102	-
			4,268,489	818,091

5.3.2 During the 2018 year the Group acquired 769 units in Lancing Liquid Relative Value fund through its subsidiary, Auctus Asset Management Pty Ltd (formerly High Line Alternative Investments Pty Ltd).

5.3.3 During the 2019 financial year, as a part of the disposal of Gophr, the Group acquired \$2,131,200 receivable as a loan from the vendors and \$1,212,764 as a convertible note.

a. Vendor Finance – Key Terms

- ▲ The vendor loan is interest free and secured by a first ranking charge over the shares the subject of the sale.
- ▲ The vendor loans are repayable upon the earlier of an “Exit Event” or “Cash Event” which, in summary, are triggered upon the sale or transfer of the purchaser’s Gophr shares (in which case the repayment obligation is several and proportionate to the number of shares sold), a listing of Gophr on a stock exchange, a change in control of Gophr (subject to certain exceptions) or satisfaction of certain capital raising milestones. The vendor loans are also repayable (or relevant shares must be surrendered) within 180 days of the occurrence of a “Leaver Event” being, in summary, the director ceasing to be an employee of Gophr. The vendor loans convert on the same terms as the convertible note below.
- ▲ The vendor loan has been discounted to present value using incremental borrowing rate of 12.35%, the difference representing deferred revenue to be recognised over the term of the vendor loan

b. Convertible Notes – Key Terms

- ▲ The Company’s outstanding loan of approx. £1.07M will be exchanged for Convertible Notes with a face value of £800K.
- ▲ The Convertible Notes will be interest free and unsecured.
- ▲ The Convertible Notes will convert to share in Gophr at agreed valuations on the earlier of either:
 - 14 months from completion of the sale contemplated in the Terms Sheet, with a 20% discounted conversion rate to the pre-money valuation of the company; or
 - the completion of the Series A capital raising of not less than £2.5 million at a pre-money valuation of £5 million, provided that Gophr will first have 30 days in which to elect to redeem the Convertible Notes for cash.
- ▲ The convertible note has been discounted to present value using incremental borrowing rate of 12.35%, the difference representing deferred revenue to be recognised over the term of the convertible note.

5.3.4 *Fair value hierarchy*

The following tables detail the Group's assets, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, as disclosed in note 25.5.2.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2018				
Managed Funds	818,091	-	-	818,091
Total	818,091	-	-	818,091
2019				
Managed Funds	-	-	1,305,097	1,305,097
Total	-	-	1,305,097	1,305,097

a. Level 3 financial assets

The managed funds have been classified as Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including the last capital raise price, discounted cash-flows, and independent valuations.

Management is comfortable with the value of these managed funds as they include investments from third parties or from other independent sources. Management is also not aware of any conditions of the underlying businesses which have not been incorporated into the inputs used.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 5 Financial assets and financial liabilities (cont.)

5.3 Financial assets (cont.)

5.3.5 Accounting policies - Investments and other financial assets

a. Classification

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- ▲ those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- ▲ those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (**FVOCI**).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (**FVPL**), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(1) Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- ▲ **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- ▲ **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- ▲ **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 5 Financial assets and financial liabilities (cont.)**5.3 Financial assets (cont.)****(2) Equity instruments**

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

From 1 January 2018, the group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

5.4 Trade and other payables**5.4.1 Current***Unsecured*

		2019 \$	2018 \$
Trade payables	5.4.2,	457,703	481,423
Other payables	5.4.3	471,650	138,844
Employment liabilities		419,000	477,108
Value-added and other taxes (collectible) / payable		(1,458)	810,914
Investment funds payable Scout		356,481	-
Deferred revenue		128,064	-
		1,831,440	1,908,289

5.4.2 Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

5.4.3 As part of the settlement negotiated with the creditors and lenders entered into during the 2019 Financial Year, the Group agreed to procure settlement of shares held by the other parties. The estimated net cash outflow in relation to this arrangement as at 30 June 2019 amounted to \$335k, which has been conservatively accrued based on the year end share price, however the directors do not expect this liability to be worn by the Group. Further information is disclosed in relation to this liability at 25.1.3.

During the 2018 Financial Year, lenders and creditors agreed to accept the issue of 17,671,601 shares in the Company in exchange for writing off all claims against the Company for amounts owing to him. This amounts to a conversion of \$708,747 at \$0.04 per share and a debt forgiveness benefit to the Company of \$860,953.

5.4.4 Accounting policy**a. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30-day terms.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 5 Financial assets and financial liabilities (cont.)

5.5	Borrowings	2019 \$	2018 \$
5.5.1	<i>Current</i>		
	Loans – non-director related parties	1,966	89,662
		1,966	89,662

5.5.2 *Assets pledged as security*

Nil

5.5.3 *Financing facilities available*

Nil

5.5.4 *Accounting policy*

a. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

b. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Non-financial assets and financial liabilities**6.1 Property, plant, and equipment****Plant and equipment****Accumulated depreciation**

2019	2018
\$	\$
34,146	50,600
(14,630)	(25,455)
19,516	25,145

6.1.1 Accounting policy**a. Recognition and measurement**

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 6.4.1 Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where considered material, the carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

b. Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

c. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2019	2018
	%	%
▲ Plant and equipment	13.00 to 66.67	13.00 to 66.67

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

d. Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 6 Non-financial assets and financial liabilities (cont.)

6.2 Intangible assets	Note	2019 \$	2018 \$
Goodwill – Acquisition	10.1.2	1,157,482	1,157,482
Contractual right to cash flows from management fees	6.2.3	712,902	-
Accumulated amortisation		(54,559)	-
Intellectual property – software (IP Software)		53,573	53,573
Accumulated amortisation		(53,573)	(50,256)
		1,815,825	1,160,799

6.2.1 Movements in Carrying Amounts	Note	Goodwill \$	Contractual right \$	IP Software \$	Total \$
Carrying amount 1 July 2017		-	-	553,008	553,008
▲ Additions		-	-	174,907	174,907
▲ Acquired through business combinations	10.1.2	1,157,482	-	-	1,157,482
▲ Movements due to exchange rate difference		-	-	9,511	9,511
▲ Impairment of intangible assets		-	-	(443,961)	(443,961)
▲ Amortisation expense		-	-	(290,148)	(290,148)
Carrying amount at 30 June 2018		1,157,482	-	3,317	1,160,799
Carrying amount 1 July 2018		1,157,482	-	3,317	1,160,799
▲ Acquisitions	6.2.3	-	712,902	-	712,902
▲ Acquired through business combinations		-	-	-	-
▲ Movements due to exchange rate difference		-	-	-	-
▲ Impairment of intangible assets		-	-	(3,317)	(3,317)
▲ Amortisation expense		-	(54,559)	-	(54,559)
Carrying amount at 30 June 2019		1,157,482	658,343	-	1,815,825

6.2.2 Allocation of goodwill to cash-generating units (CGU)

Goodwill has been allocated for impairment testing purposes to Auctus Asset Management Pty Ltd (formerly High Line Alternative Investments Pty Ltd) (**AAM**) CGU. Before recognition of impairment losses, the carrying amount of goodwill was allocated to CGU as follows.

	2019 \$	2018 \$
▲ Auctus Investment Holdings Pty Ltd	1,157,482	1,157,482

In accordance with AASB 136, impairment testing has been undertaken for cash generating units (**CGUs**) with indefinite intangibles, being the goodwill associated with AAM.

The recoverable amount has been determined based on value-in-use calculations which uses cash flow projections based on financial forecasts covering a five-year period, including non-cash adjustments. Cash flows are extrapolated using estimated growth rates beyond the five-year period.

Key assumptions used in the value-in-use calculations for the AAM CGU are based on management's latest forecast for financial year 2020 and a combination of FUM and management fee growth as well as long-term average revenue growth for the latter years.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Non-financial assets and financial liabilities (cont.)**6.2 Intangible assets (cont.)**

The key assumptions used in the value in use calculations for the CGU are as follows:

- ▲ Discount rate used is 15%. An increase of 98% in the discount rate would be required impairment occurs, *ceteris paribus*.
- ▲ Revenue growth of FY20-FY22 is based on specific projects targeted, with FY20 revenue growth forecasted to be 3.6 times FY19.
- ▲ Post FY22, revenue (cash in-flows) have been extrapolated at a growth rate of 2.00% and expenses (cash out-flows) have been extrapolated at a growth rate of 4.00%

It is observed that FY20 revenue would need to drop 144% from that forecasted before impairment occurs, *ceteris paribus*, and that FY20-FY22 revenue would need to drop \$2.7M before impairment. It is further noted that based on the assumptions used, there is a headroom of \$6.5M on current forecasts.

No impairment was noted as a result of the value-in-use calculations.

The directors believe that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause CGU carrying amount to exceed its recoverable amount.

6.2.3 During the period the Company entered into an agreement to invest up to \$1,000,000 USD to acquire a 10% economic interest in Scout Fund III GP.

This is payable in three portions as follows:

- \$250,000 USD initial payment: This was paid during the period to 31 December 2018.
- \$250,000 USD subsequent payment: This is payable as at 30 June 2019 and is included in the above investment in associate balance.
- \$500,000 USD final payment This is payable upon Scout Fund III reaching an aggregate of \$50m USD in capital commitments. This payment will be reduced proportionately in the event Scout Fund III does not meet this threshold at its final closing.

As both the timing of the final closing and amount payable is uncertain, this has been disclosed as a contingent liability, refer note 17 Contingent liabilities.

The 10% economic interest in Scout Fund III GP allows the Group a minimum of 10% of the management fees earned by the fund once it closes, increasing based on the size of the capital commitments at close. The economic interest in Scout Fund II GP will be adjusted at the close of Scout Fund II GP to account for any committed capital raised by Auctus at this time. As such it has been accounted for as an intangible asset, being the contractual right to future cashflows. The fund has a life of 10 years from incorporation, and the intangible asset is accordingly being amortised over this life.

6.2.4 Accounting policy**a. Intangible assets acquired separately**

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

b. Intangible assets acquired in a business combination

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Non-financial assets and financial liabilities (cont.)**6.2 Intangible assets (cont.)**

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Contractual right to cash flows from management fees are amortised a straight-line basis over the period of their expected benefit, being their finite life of 10 years, less any impairment.

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of three years.

c. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 14.1.1) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

6.2.5 Key judgements and estimates**a. Impairment assessment - Goodwill**

Refer to note 6.2.2.

6.3 Provisions

Note

2019

2018

\$

\$

6.3.1 Disclosed as:

▲ Current

65,659

30,707

▲ Non-current

-

-

Carrying amount at the end of year

65,659

30,707

6.3.2 Description of provisions

Provision for employee benefits represents amounts accrued for annual leave (**AL**), long service leave (**LSL**), and NIC liabilities. Refer also note 2.3.1.

The current portion for this provision includes the total amount accrued for AL entitlements and the amounts accrued for LSL entitlements that have vested due to employees having completed the required period of service. The Group does not expect the full amount of AL or LSL balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Non-financial assets and financial liabilities (cont.)**6.3 Provisions (cont.)****6.3.4 Accounting policy**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

6.4 Other Significant Accounting Policies related to Non-Financial Assets and Liabilities**6.4.1 Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy at note 4.8) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 7 Equity

7.1	Issued capital	Note	2019 No.	2018 No.	2019 \$	2018 \$
	Fully paid ordinary shares at no par value		31,794,962	222,527,802	23,473,247	19,230,975
7.1.1	<i>Ordinary shares</i>		2019 No.	2018 No.	2019 \$	2018 \$
	At the beginning of the year		222,527,802	123,381,201	19,230,975	15,457,337
	Shares issued during the year:					
	▲ 14 Jul 2017 <i>Issue of shares</i>		-	13,975,000	-	277,000
	▲ 4 Oct 2017 <i>Debt Forgiveness</i>	7.1.4	-	14,078,785	-	563,145
	▲ 4 Oct 2017 <i>Debt Forgiveness - KMP</i>	7.1.6	-	3,592,816	-	143,713
	▲ 15 Nov 2017 <i>Placement</i>		-	30,000,000	-	1,050,000
	▲ 28 Feb 2018 <i>Placement</i>		-	30,000,000	-	1,492,870
	▲ 6 Mar 2018 <i>Acquisition of Highline Alternative Investments Pty Ltd</i>		-	7,500,000	-	330,000
	▲ 16 Aug 2018 <i>Placement</i>		22,671,000	-	1,020,195	-
	▲ 12 Sep 2018 <i>Placement</i>		4,036,110	-	181,625	-
	▲ 26 Sep 2018 <i>Placement</i>		6,200,000	-	279,000	-
	▲ 24 Oct 2018 <i>Placement</i>		5,555,556	-	250,000	-
	▲ 11 Dec 2018 <i>Share Consolidation</i>	7.1.3	(234,891,281)	-	-	-
	▲ 14 Dec 2018 <i>Placement</i>		1,005,575	-	462,565	-
	▲ 14 Dec 2018 <i>Contingent Consideration share issue</i>	10.1.4	750,000	-	280,500	-
	▲ 27 Dec 2018 <i>Placement</i>		359,200	-	164,787	-
	▲ 15 Jan 2019 <i>Placement</i>		110,500	-	50,830	-
	▲ 21 Jan 2019 <i>Placement</i>		670,000	-	308,200	-
	▲ 26 Jun 2019 <i>Placement</i>		1,300,500	-	455,175	-
	▲ 26 Jun 2019 <i>Contingent Consideration share issue</i>	10.1.4	1,500,000	-	561,000	-
	▲ Shares under application, funds received in advance	7.1.5	N/A		268,250	
	Transaction costs relating to share issues		-	-	(39,855)	(83,090)
	At reporting date		31,794,962	222,527,802	23,473,247	19,230,975

7.1.2 Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

7.1.3 The Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. The share consolidation involved the conversion of every 10 fully paid ordinary shares on issue into 1 fully paid ordinary share. Where the share consolidation resulted in a shareholder having a fractional entitlement to a share, the entitlement was rounded up to the next whole number of shares. Upon the completion of the share consolidation in December 2018, the number of shares on issue reduced from 260,990,468 shares to 26,099,047 shares as at that date.

7.1.4 Lenders and creditors agreed to accept the issue of 14,078,785 shares in the Company in exchange for writing off all claims against the Company for amounts owing to them. This amounts to a conversion of \$563,145 at \$0.04 per share and a debt forgiveness benefit to the Company of \$323,054.

7.1.5 The shares under application issued post year end in accordance with note 16, have no other conditions other than issuing those shares.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 7 Equity (cont.)

7.1.6 Mr Jay Stephenson a Director of the Company agreed to accept the issue of 1,960,651 shares in the Company in exchange for writing off all amounts owing to him. This amounts to a conversion of \$78,426 at \$0.04 per share and a debt forgiveness benefit to the Company of \$52,284. Additionally, former director Mr Shashi Fernando agreed to accept the issue of 1,632,165 shares in the Company in exchange for writing off all amounts owing to him. This amounts to a conversion of \$65,287 at \$0.04 per share and a debt forgiveness benefit to the Company of \$599,069.

7.1.7 *Accounting policy*

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

7.2 Options

For information relating to the Auctus Alternative Investments Limited scheme, including details of options issued, issued and lapsed during the financial year, and the options outstanding at balance date, refer to Note 22 Share-based Payments. The total number of options on issue are as follows:

		2019 No.	2018 No.
Unlisted options		10,542,607	68,250,000
At the beginning of the period		68,250,000	45,285,000
▲ 19 Sep 2017 Issue through share-based payment*		-	67,250,000
▲ 30 Nov 2017 Expiration of Performance A and B options		-	(25,000,000)
▲ 30 Nov 2017 Expiration of Corporate Adviser options		-	(1,500,000)
▲ 31 Dec 2017 Expiration of Corporate Adviser options		-	(500,000)
▲ 19 Feb 2018 Expiration of Corporate Adviser options		-	(5,785,000)
▲ 31 May 2018 Expiration of Corporate Adviser options		-	(10,000,000)
▲ 31 May 2018 Cancellation of Employee Options		-	(1,500,000)
▲ 24 Oct 2018 Placement ex\$0.10		13,353,557	-
▲ 21 Nov 2018 Director Options	22.3	30,000,000	-
▲ 11 Dec 2018 Share Consolidation	7.1.3	(100,443,200)	-
▲ 29 Nov 2018 Free attaching options		310,000	-
▲ 29 Nov 2018 Free attaching options		22,250	-
▲ 31 Dec 2018 Expiration Options		(250,000)	-
▲ Cancellation of options		(700,000)	-
At reporting date		10,542,607	68,250,000

*Grant date above is 19 September 2017 in accordance with AASB 2, the options were issued on 4 October 2017.

7.3 Performance shares

		2019 No.	2018 No.
At the beginning of the period		-	-
▲ 29 Nov 2018 Issue of Performance Shares	22.3	25,000,000	-
▲ 11 Dec 2018 Share Consolidation	7.1.3	(22,500,000)	-
▲ 23 May 2019 Issue of Performance Shares	22.3	1,600,000	-
At reporting date		4,100,000	-

Notes to the consolidated financial statements
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Note 7 Equity (cont.)

7.4 Reserves		2019 \$	2018 \$
Business combination under common control reserve	7.4.1	-	(3,099,433)
Contingent consideration reserve	7.4.2	-	841,500
Foreign exchange reserve	7.4.3	(357,539)	(225,715)
Option reserve	7.4.4	1,215,851	864,660
		858,312	(1,618,988)

7.4.1 *Business combination under common control reserve (BCUCC reserve)*

The BCUCC reserve recognises any difference between the acquired net assets and the consideration exchanged in a Business combination under common control transaction.

7.4.2 *Contingent consideration reserve*

The contingent consideration reserve recognises the consideration given in a business combination that is contingent upon future events or circumstance to crystallise, that is required to be recognised under AASB 3 *Business Combinations*.

7.4.3 *Foreign exchange translation reserve*

The foreign exchange reserve records exchange differences arising on translation of foreign controlled subsidiaries.

7.4.4 *Option reserve*

The option reserve records the value of options issued the Company to its employees or consultants.

Notes to the consolidated financial statements

for the year ended 30 June 2019

SECTION B. RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Note 8 Financial risk management**8.1 Financial Risk Management Policies**

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below:

	Floating Interest Rate	Fixed Interest Rate	Non- interest Bearing	2019 Total	Floating Interest Rate	Fixed Interest Rate	Non- interest Bearing	2018 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets								
<input type="checkbox"/> Cash and cash equivalents	518,627	-	-	518,627	282,077	-	-	282,077
<input type="checkbox"/> Trade and other receivables	-	-	36,959	36,959	-	-	520,213	520,213
<input type="checkbox"/> Financial assets	-	-	4,268,489	4,268,489	-	-	818,091	818,091
Total Financial Assets	518,627	-	4,305,448	4,824,075	282,077	-	1,338,304	1,620,381
Financial Liabilities								
Financial liabilities at amortised cost								
<input type="checkbox"/> Trade and other payables	-	-	1,831,440	1,831,440	-	-	1,908,289	1,908,289
<input type="checkbox"/> Borrowings	-	-	1,966	1,966	-	-	89,662	89,662
Total Financial Liabilities	-	-	1,833,406	1,833,406	-	-	1,997,951	1,997,951
Net Financial Assets / (Liabilities)	518,627	-	2,472,042	2,990,669	282,077	-	(659,647)	(377,570)

8.2 Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 8 Financial risk management (cont.)

8.2.1 Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

a. Credit risk exposures

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

b. Impairment losses

The ageing of the Group's trade and other receivables at reporting date was as follows:

	Gross 2019 \$	Impaired 2019 \$	Net 2019 \$	Past due but not impaired 2019 \$
Trade receivables				
Not past due	7,264	-	7,264	-
Past due up to 3 months	-	-	-	-
Past due over 3 months	-	-	-	-
	7,264	-	7,264	-
Other receivables				
Not past due	29,695	-	29,695	-
Total	36,959	-	36,959	-

8.2.2 Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being to assess, invest in, develop, and accelerate early stage companies in the technology and media sectors, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings.

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 8 Financial risk management (cont.)**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

a. Contractual Maturities

The following are the contractual maturities of financial assets and liabilities of the Group:

	Within 1 Year		Greater Than 1 Year		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	1,831,440	1,908,289	-	-	1,831,440	1,908,289
Borrowings	1,966	89,662	-	-	1,966	89,662
Total contractual outflows	1,833,406	1,997,951	-	-	1,833,406	1,997,951
Financial assets						
Cash and cash equivalents	518,627	282,077	-	-	518,627	282,077
Trade and other receivables	36,959	520,213	-	-	36,959	520,213
Financial assets – Loans	-	-	1,689,290	-	1,689,290	-
Financial assets – Convertible Notes	-	-	1,274,102	-	1,274,102	-
Total anticipated inflows	555,586	802,290	2,963,392	-	3,518,978	802,290
Net inflow/(outflow) on financial instruments	(1,277,820)	(1,195,661)	2,963,392	-	1,685,572	(1,195,661)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

8.2.3 *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board meets on a regular basis and considers the Group's exposure currency and interest rate risk.

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the Group as no debt arrangements have been entered into, and movement in interest rates on the Group's financial assets is not material.

b. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the Australian dollar (AUD) presentation currency of the Group.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 8 Financial risk management (cont.)

With instruments being held by overseas operations, fluctuations in foreign currencies (namely British pounds (**GBP**) and United States dollar (**USD**)) may impact on the Group's financial results. The Group's exposure to foreign exchange is reviewed by the Board regularly.

c. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

8.2.4 Sensitivity Analyses

The following tables illustrate sensitivities to the Group's exposures to changes in the relevant risk variable. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

a. Interest rates	Profit \$	Equity \$
Year ended 30 June 2019		
±100 basis points change in interest rates	± 5,186	± 5,186
Year ended 30 June 2018		
±100 basis points change in interest rates	± 2,821	± 2,821
b. Foreign exchange	Profit \$	Equity \$
Year ended 30 June 2019		
±10% of Australian dollar strengthening/weakening against the GBP	± nil	± 32,008
Year ended 30 June 2018		
±10% of Australian dollar strengthening/weakening against the GBP	± nil	± 41,201

8.2.5 Net Fair Values

a. Fair value estimation

The fair values of financial assets and financial liabilities are presented in the table in Note 8.1 and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 9 Capital Management**

The Group objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet its operational and technology development programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group is not subject to externally imposed capital requirements.

The working capital position of the Group was as follows:

	Note	2019 \$	2018 \$
Cash and cash equivalents	5.1	518,627	282,077
Trade and other receivables	5.2	36,959	520,213
Other current assets		80,127	3,723
Assets classified as held for sale	11.3.3a	15,426	-
Trade and other payables	5.4	(1,831,440)	(1,908,289)
Borrowings	5.5	(1,966)	(89,662)
Current provisions	6.3	(65,659)	(30,707)
Liabilities directly associated with assets classified as held for sale	11.3.3b	(385,457)	-
Working capital position		(1,633,383)	(1,222,645)

Notes to the consolidated financial statements

for the year ended 30 June 2019

SECTION C. GROUP STRUCTURE

This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole. In particular, there is information about:

- (a) changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation*
- (b) transactions with non-controlling interests, and*
- (c) interests in joint operations.*

A list of significant subsidiaries is provided in note 12.1. This note also discloses details about the group's equity accounted investments.

Note	10	Business combinations
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10.1	Auctus Asset Management Pty Ltd (formerly High Line Alternative Investments Pty Ltd)	
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On 6 March 2018, the Company, acquired 100% of the ordinary share capital and voting rights of High Line Alternative Investments Pty Ltd, now Auctus Asset Management Pty Ltd (**AAM**). The acquisition of AAM is intended to provide an opportunity for the Company to invest in other technology focused businesses complementary to existing operations conducted by the Company and its subsidiaries. This transaction constitutes a business combination under AASB 3.

10.1.1	<i>Acquisition consideration</i>	
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The consideration payment for the acquisition of AAM is to be satisfied through the issue of up to 3,000,000 ordinary fully paid Auctus shares (**Consideration Shares**)(adjusted for a share consolidation as detailed in note 7.1.3). The Consideration Shares have been, or are to be, issued by the Company as follows:

- ▲ 750,000 ordinary fully paid shares in the issued capital of the Company; and
- ▲ Contingent consideration of:
 - ▶ 750,000 ordinary fully paid shares to be issued if funds held in managed investment trusts or similar entities which are managed by the Group or held funds in respect of which the Group acts as investment advisor (**Funds Under Management or Advice**) exceeds \$10 million on or before 31 December 2018;
 - ▶ 750,000 ordinary fully paid shares to be issued if Funds Under Management or Advice exceed \$17.5 million on or before 30 June 2019;
 - ▶ 750,000 ordinary fully paid shares to be issued if Funds Under Management or Advice exceed \$25.0 million on or before 31 December 2019.

The Company received a waiver of ASX LR7.3.2 with regards to the issue of the milestone shares to be issued as a part of the contingent consideration noted above. All of the contingent consideration shares, amounting to 2,250,000 were issued during the year ended 30 June 2019, as the associated milestones were met. None of the shares remain to be issued as of the date of this report.

The fair value of the consideration for the issued capital of AAM was \$1,171,500.

10.1.2	<i>Goodwill</i>	
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The identifiable net assets of the acquiree are remeasured to their fair value on the date of acquisition (i.e. the date that control passes).

Goodwill is calculated as the difference between the provisional fair value of consideration transferred less the fair value of the identified net assets of the acquired. Goodwill arose in the acquisition of AAM because the consideration paid included a control premium. In addition, the consideration paid effectively included amounts in relation to the benefit expected from Funds Under Management growth and future market development. The goodwill acquired will not be deductible for tax purposes.

Details of the transaction are as follows:

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 10 Business combinations (cont.)

	Note	Fair value \$
Fair value of:		
Auctus Alternative Investment Limited shares issued to vendor	5.1.2g(1)	330,000
Contingent consideration	10.1.4	841,500
		1,171,500
<i>Fair value of identifiable assets and liabilities held at acquisition date:</i>		
Cash		201
Trade and other receivables		13,816
Fair value of identifiable assets and liabilities assumed		14,017
Goodwill		1,157,483

10.1.3 *Consideration transferred*

The fair value of the ordinary shares issued to the vendor was \$0.044 per ordinary share, being the closing share price on 6 March 2018 (date of shareholder approval).

10.1.4 *Contingent Consideration*

The fair value of the contingent consideration is based on the fair value of the ordinary shares issued to the vendor was \$0.044 per ordinary share, being the closing share price on 6 March 2018 (date of shareholder approval), with an 85% probability taken up as the expected probability of meeting the Funds Under Management targets required.

10.1.5 *Acquired receivables*

Receivables consist of management fees receivable for the period up to acquisition for funds under management.

10.1.6 *Revenue and profit contribution*

The acquired business contributed revenues of \$2,216 and net profit of \$1,704 to the Group for the period from acquisition date to 30 June 2018.

If the acquisition had occurred on 1 July 2017, consolidated pro-forma revenue and profit for the year ended 30 June 2018 would have been \$26,992 and \$17,107 respectively.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 11 Discontinued Operations**11.1 Sale of Wondr.it Limited (Wondr)**

On 21 August 2018, Wondr was dissolved from the Companies House register in the UK. This was a dormant entity with minimal operations up to dissolution date. No cash was received upon dissolution.

11.2 Sale of controlling interest in Gophr Limited (Gophr)

On 31 May 2019, the Company completed a Share Purchase Agreement (SPA) to sell down its 75% equity in Gophr to 32.5%. Comparative balances in the Statement of Comprehensive income have been adjusted for this disposal.

Operating results of the business are not included in operating segment disclosed in note 23 Operating segments.

Financial information relating to the discontinued operation to the date of sale is set out below

11.2.1 The financial performance of the discontinued operation to the date of sale, which is included in the profit/(loss) from the discontinued operations per the statement of comprehensive income, is as follows:

	2019 \$	2018 \$
Revenue and other income	5,692,066	3,843,465
Expenses	(6,062,828)	(4,641,962)
Loss before income tax	(370,762)	(798,497)
Income tax benefit / (expense)	-	(3,294)
Loss after income tax of discontinued operation	(370,762)	(801,791)
Gain on sale of the subsidiary after income tax	4,718,670	-
Profit / (loss) from discontinued operation	4,347,908	(801,791)

11.2.2 The net cash flows of the discontinued operation of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow/(outflow) from operating activities	(235,528)	(259,309)
Net cash inflow/(outflow) from investing activities	-	(13)
Net cash inflow/(outflow) from financing activities	(209,375)	274,096
Net cash flow generated by the discontinued operations	(444,903)	14,774

Profit on disposal of the operation is included in discontinued operations per the statement of profit and loss and comprehensive income.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 11 Discontinued Operations**11.3 Discontinuation of Boppl (Australia) Pty Ltd (Boppl AU)**

On 2 May 2019, the directors of Boppl AU placed the company into Voluntary Administration, and accordingly has been treated as a discontinued operation. Comparative balances in the Statement of Comprehensive income have been adjusted for this discontinuation. The company was subsequently placed into liquidation. As the liquidation has not yet been finalised, the assets and liabilities of Boppl AU have not been disposed of for the year ended 30 June 2019.

Operating results of the business are not included in operating segment disclosed in note 23 Operating segments.

Financial information relating to the discontinued operation to the date of sale is set out below

11.3.1 The financial performance of the discontinued operation to the operations were ceased, which is included in the profit/(loss) from the discontinued operations per the statement of comprehensive income, is as follows:

	2019 \$	2018 \$
Revenue and other income	117,817	212,537
Expenses (net)	(263,654)	(367,638)
Loss before income tax	(145,837)	(155,101)
Income tax expense	-	-
Loss after income tax	(145,837)	(155,101)
Total loss after income tax attributable to the discontinued operation	(145,837)	(155,101)

11.3.2 The net cash flows of the discontinued operation of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow/(outflow) from operating activities	15,440	(118,614)
Net cash inflow/(outflow) from investing activities	-	(381)
Net cash inflow/(outflow) from financing activities	(1,070)	118,038
Net cash flow generated by the discontinued operations	14,370	(957)

11.3.3 The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2019:

a. Assets classified as held for sale

Other financial assets	15,426	-
Total assets of disposal group held for sale	15,426	-

b. Liabilities directly associated with assets classified as held for sale

Trade and other creditors	382,302	-
Provisions	3,155	-
Total liabilities of disposal group held for sale	385,457	-

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 11 Discontinued Operations**11.4 Liquidation of Boppl (UK) Ltd (Boppl UK)**

On 2 April 2019, the Company liquidated its subsidiary Boppl UK, and accordingly has been treated as a discontinued operation. Comparative balances in the Statement of Comprehensive Income have been adjusted for this disposal.

Operating results of the business are not included in operating segment disclosed in note 23 Operating segments.

Financial information relating to the discontinued operation to the date of sale is set out below

11.4.1 The financial performance of the discontinued operation to the operations were ceased, which is included in the profit/(loss) from the discontinued operations per the statement of comprehensive income, is as follows:

	2019 \$	2018 \$
Revenue and other income	-	139,365
Expenses (net)	-	(7,565)
Profit before income tax	-	131,800
Income tax expense	-	-
Profit after income tax	-	131,800
Total profit after income tax attributable to the discontinued operation	-	131,800

11.5 Sale of Prism Digital Limited (Prism)

On 29 June 2018, the Company completed a Share Purchase Agreement (SPA) to sell its 60% equity in Prism to a founding partner of Prism. Comparative balances in the Statement of Comprehensive Income have been adjusted for this disposal.

Operating results of the business are not included in operating segment disclosed in note 23 Operating segments.

Financial information relating to the discontinued operation to the date of sale is set out below

11.5.1 The financial performance of the discontinued operation to the date of sale, which is included in the profit/(loss) from the discontinued operations per the statement of comprehensive income, is as follows:

	2018 \$
Revenue	2,977,571
Expenses	(2,980,240)
Loss / profit before income tax	(2,669)
Income tax benefit / (expense)	31,872
Profit after income tax	29,203
Total profit after income tax attributable to the discontinued operation	29,203

11.5.2 The net cash flows of the discontinued operation of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow/(outflow) from operating activities	(259,982)
Net cash inflow/(outflow) from investing activities	(1,569)
Net cash inflow/(outflow) from financing activities	264,396
Net cash flow generated by the discontinued operations	2,845

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 12 Interest in subsidiaries**12.1 Information about principal subsidiaries****12.1.1 Legal parent entity**

Auctus Alternative Investments Limited is the ultimate parent of the Group

a. Legal subsidiaries

	Country of Incorporation	Class of Shares	Percentage Owned	
			2019	2018
▲ Beyond Media Limited	United Kingdom	Ordinary	80.0%	80.0%
▲ Boppl (Australia) Pty Ltd	Australia	Ordinary	-	82.5%
▲ Boppl Limited (UK)	United Kingdom	Ordinary	-	72.6%
▲ Gophr Limited	United Kingdom	Ordinary	30.28% ⁽¹⁾	75.0%
▲ Auctus Asset Management Pty Ltd (formerly High Line Alternative Investments PL)	Australia	Ordinary	100.0%	100.0%
▲ Quintessential Resources (PNG) Ltd	Papua New Guinea	Ordinary	90.0%	90.0%
▲ Wondr.it Limited	United Kingdom	Ordinary	-	100.0%
▲ Auctus Investment Holdings Pty Ltd (formerly Yonder and Beyond Pty Ltd)	Australia	Ordinary	100.0%	100.0%
▲ Yonder and Beyond Ltd	United Kingdom	Ordinary	100.0%	100.0%
▲ Yonder and Beyond, Inc.	United States of America	Ordinary	100.0%	100.0%
▲ Auctus Pty Ltd	Australia	Ordinary	100.0%	-

⁽¹⁾ Gophr ceased being a subsidiary on 31 May 2019, refer note 11.2)**12.1.2 Accounting parent entity**

Auctus Investment Holdings Pty Ltd is the accounting parent of the Group

a. Accounting subsidiaries

	Country of Incorporation	Class of Shares	Percentage Controlled	
			2019	2018
▲ Beyond Media Limited	United Kingdom	Ordinary	80.0%	80.0%
▲ Boppl (Australia) Pty Ltd	Australia	Ordinary	-	82.5%
▲ Boppl Limited (UK)	United Kingdom	Ordinary	-	72.6%
▲ Gophr Limited	United Kingdom	Ordinary	- ⁽¹⁾	75.0%
▲ Auctus Asset Management Pty Ltd (formerly High Line Alternative Investments PL)	Australia	Ordinary	100.0%	100.0%
▲ Quintessential Resources (PNG) Ltd	Papua New Guinea	Ordinary	90.0%	90.0%
▲ Wondr.it Limited	United Kingdom	Ordinary	-	100.0%
▲ Auctus Investment Holdings Pty Ltd (formerly Yonder and Beyond Pty Ltd)	Australia	Ordinary	100.0%	100.0%
▲ Yonder and Beyond Ltd	United Kingdom	Ordinary	100.0%	100.0%
▲ Yonder and Beyond, Inc.	United States of America	Ordinary	100.0%	100.0%

⁽¹⁾ Gophr ceased being a subsidiary on 31 May 2019, refer note 11.2)**12.1.3 Investments in subsidiaries are accounted for at cost.**

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 12 Interest in subsidiaries (cont.)

12.2 Non-controlling interests (NCI).

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations. Balances for disposed or liquidated entities have not been included:

	Boppl Limited (UK)		Gophr Limited		Boppl (Australia) Pty Ltd		Beyond Media Limited	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
12.2.1 Summarised financial position								
Current assets	-	341	-	530,556	15,426	8,045	3	1,226
Current liabilities	-	(2,295)	-	(1,060,667)	(385,456)	(236,549)	(293,493)	(317,735)
Current net assets/(deficiency)	-	(1,954)	-	(530,111)	(370,030)	(228,504)	(293,490)	(316,509)
Non-current assets	-	-	-	3,316	-	1,587	-	-
Non-current liabilities	-	(1,215,433)	-	(1,412,218)	(547,694)	(548,765)	(227,897)	(326,991)
Non-current net assets/(deficiency)	-	(1,215,433)	-	(1,408,902)	(547,694)	(547,178)	(227,897)	(326,991)
Net assets/(deficiency)	-	(1,217,387)	-	(1,939,013)	(917,724)	(775,682)	(521,387)	(643,500)
Accumulated NCI	-	387,046	-	735,310	161,139	135,632	101,040	127,767
12.2.2 Summarised financial performance								
Revenue	1,696	142,934	8,054,555	3,843,465	117,817	212,537	125,476	371,131
Profit/(loss) for the period	1,240,821	135,369	1,981,472	(801,791)	(145,837)	(155,101)	133,635	(631,686)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	1,240,821	135,369	1,981,472	(801,791)	(145,837)	(155,101)	133,635	(631,686)
Profit/(loss) allocated to NCI	(339,861)	37,077	(494,539)	(198,800)	25,507	(27,127)	(26,727)	(126,337)
12.2.3 Summarised cash flows								
Cash flows from operating activities	(2,819)	(2,819)	(259,309)	(259,309)	15,440	(118,614)	103,539	174,308
Cash flows from investing activities	-	-	(13)	(13)	-	(381)	-	(157,951)
Cash flows from financing activities	(995)	(995)	274,096	274,096	(1,070)	118,038	(104,762)	(16,421)
Net increase/ (decrease) in cash and cash equivalents	(3,814)	(3,814)	14,774	14,774	14,370	(957)	(1,223)	(64)

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 13 Investment in associates****13.1 Information about associates**

13.1.1 Set out below are the associates and joint ventures of the group as at 30 June 2019 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

a. Associates	Note	Country of Incorporation	Measurement method	Percentage Owned		Carrying Amount	
				2019 %	2018 %	2019 \$	2018 \$
▲ Gophr Limited	13.2	United Kingdom	Equity method	30.28%	75.0%	1,331,171	N/A
						1,331,171	-

13.2 On 31 May 2019, the Company completed a Share Purchase Agreement (SPA) to sell down its 75% equity in Gophr to 32.5% (refer Note 11.2). The remaining equity holding (of 30.28% at 30 June 2019) is recognised and measured as an associate.

13.2.1 Summarised financial position

	2019 \$	2018 \$
Current assets	777,614	-
Current liabilities	(625,078)	-
Current net assets/(deficiency)	152,536	-
Non-current assets	2,257	-
Non-current liabilities	(1,460,317)	-
Non-current net assets/(deficiency)	(1,458,060)	-
Net assets/(deficiency)	(1,305,524)	-

13.2.2 Summarised financial performance

Revenue	691,509	-
Profit/(loss) for the period	130,934	-
Other comprehensive income	-	-
Total comprehensive income	130,934	-

13.2.3 Reconciliation to carrying amounts:

Opening net assets acquisition at fair value	4,266,263	-
Profit for the period	130,934	-
Other comprehensive income	-	-
Dividends paid	-	-
Closing net assets	4,397,197	-
Group's share in %	30.28	-
Group's share in \$	1,331,471	-
Carrying amount	1,331,471	-

Notes to the consolidated financial statements for the year ended 30 June 2019

Note 13 Investment in associates

13.3 Accounting policy

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equal or exceed its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Note 14 Other Significant Accounting Policies related to Group Structure

14.1 Basis of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

14.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- ▲ the fair value of the consideration transferred; plus
- ▲ the recognised amount of any non-controlling interests in the acquire; plus
- ▲ if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

less

- ▲ the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

14.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 12 Interest In Subsidiaries of the financial statements..

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 14 Other Significant Accounting Policies related to Group Structure (cont.)****14.1.3 Loss of control**

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained

14.1.4 Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 30 June 2019

SECTION D. UNRECOGNISED ITEMS

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 15 Commitments

- 15.1 Operating lease commitments - Group as lessee
- 15.2 Finance lease and hire purchase commitments - Group as lessee
- 15.3 Capital commitments
- None.

Note 16 Events subsequent to reporting date

On 26 June 2019 Auctus announced a Placement to raise 3.25 million fully paid ordinary shares at an issue price of \$0.35 issued as:

- ▲ 1,300,500 shares at \$0.35 shares issued on 26 June 2019;
- ▲ 1,175,000 shares at \$0.35 shares issued on 5 July 2019;
- ▲ 750,000 shares at \$0.35 shares issued on 1 August 2019.

On 29 August 2019 Auctus advised that further to its ASX announcement of 12 June 2019, the Company has finalised formal documentation to establish a US asset management business - RBP Partners. Auctus owns a 30% equity shareholding in the joint venture partnership with the New York based investment team controlling the remaining 70%. AVC will invest US\$250,000 from revenue inflows into RBP Partners and issue the investment team a total of 1.5m options, with strike prices of \$0.60 and \$1.00.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Note 17 Contingent liabilities

As noted in Note 6.2.3, \$500,000 USD is payable upon Scout Fund III reaching an aggregate of \$50M USD in capital commitments. This payment will be reduced proportionately in the event Scout Fund III does not meet this threshold at its final closing.

There are no other contingent liabilities as at 30 June 2019 (30 June 2018: Nil).

Notes to the consolidated financial statements

for the year ended 30 June 2019

SECTION E. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 18 Key Management Personnel compensation (KMP)

The names and positions of KMP are as follows:

▲ Mr Campbell McComb	<i>Managing Director and Interim Chairman</i>
▲ Mr Michael Hynes	<i>Executive Director and COO</i>
▲ Mr Brad Harrison	<i>Non-Executive Director (appointed 19 October 2018)</i>
▲ Mr Jay Stephenson	<i>Chairman (resigned 31 March 2019)</i>

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration report table on page 9.

	2019 \$	2018 \$
Short-term employee benefits	823,954	671,775
Post-employment benefits	20,531	10,017
Share-based payments	515,834	292,534
Other long-term benefits	-	-
Termination benefits	-	-
Total	1,360,319	974,326

Note 19 Related party transactions

On 7 November 2017, the Company signed a Binding Terms Sheet (**Terms Sheet**) to acquire 100% of the issued capital of Highline Alternative Investments Pty Ltd (**HLAI**). On 6 March 2018, the Company, completed the acquisition. The Terms Sheet included the Company entering into a formal share sale agreement with (the sole shareholder of HLAI). Mr Campbell McComb is the sole shareholder of Camac and was appointed as Managing Director of the Company on 6 March 2018.

As described at note 7.1.3, the Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. This consolidation effect is reflected through the consideration balances reported below.

All valuations were performed on the initial grant date values. The consideration payment for the acquisition of HLAI is to be satisfied through the issue of up to 3,000,000 ordinary fully paid Auctus shares (**Consideration Shares**). The Consideration Shares have been, or are to be, issued by the Company as follows:

- ▲ 750,000 ordinary fully paid shares in the issued capital of the Company; and
- ▲ Contingent consideration of:
 - ▶ 750,000 ordinary fully paid shares to be issued if funds held in managed investment trusts or similar entities which are managed by the Group or held funds in respect of which the Group acts as investment advisor (**Funds Under Management or Advice**) exceeds \$10 million on or before 31 December 2018;
 - ▶ 750,000 ordinary fully paid shares to be issued if Funds Under Management or Advice exceed \$17.5 million on or before 30 June 2019;
 - ▶ 750,000 ordinary fully paid shares to be issued if Funds Under Management or Advice exceed \$25 million on or before 31 December 2019.

These milestones were met during the financial year 30 June 2019, and the shares were issued accordingly.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the period the Managing Director and the Chief Operating Officer was awarded a bonus amounting to a gross payment of \$165,000 and \$85,000, respectively. As at 30 June 2019 \$108,398 and \$12,500 had been paid, respectively.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note	20	Auditor's remuneration		2019	2018
				\$	\$
		Remuneration of the auditors of the Group for:			
		▲ Auditing or reviewing the financial reports			
		■ Bentleys		37,000	71,510
				37,000	71,510
		▲ Non-audit services:		-	-
				37,000	71,510

Note	21	Earnings per share (EPS)	Note	2019	2018
				\$	\$
21.1		Reconciliation of earnings to profit or loss			
		(Loss) / profit for the year		1,220,153	(3,365,179)
		Less: loss attributable to non-controlling equity interest		247,793	(339,205)
		Loss used in the calculation of basic and diluted EPS		972,360	(3,025,974)
21.2		Reconciliation of earnings to profit or loss from continuing operations			
		Loss for the year from continuing operations		(2,981,918)	(2,569,290)
		Less: loss attributable to non-controlling equity interest in respect to continuing operations		26,727	(212,868)
		Loss used in the calculation of basic and diluted EPS continuing operations		(3,008,645)	(2,356,422)
21.3		Reconciliation of earnings to profit or loss from discontinued operations			
		(Loss) / profit for the year from discontinued operations		4,202,071	(795,889)
		Less: loss attributable to non-controlling equity interest in respect to discontinued operations		221,066	(126,337)
		(Loss) / profit used in the calculation of basic and diluted EPS discontinued operations		3,981,005	(669,552)
				2019	2018
				No.	No.
21.4		Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	21.7	26,908,294	18,163,863
		Adjustments for calculation of diluted earnings per share:			
		▲ Unissued shares under options		10,542,60	N/A
		▲ Performance shares		4,100,000	N/A
21.5		Weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted EPS	21.6	41,550,899	N/A
21.6		The Group does not report diluted earnings per share where options would not result in the issue of ordinary shares for less than the average market price during the period (out of the money). In addition, the Group does not report diluted earnings per share on annual losses generated by the Group. At the end of the 2018 financial year, the Group had 68,250,000 unissued shares under options and nil performance shares that were out of the money which are anti-dilutive that were out of the money which are anti-dilutive.			
21.7		The earnings per share for 30 June 2018 have been restated for the 10:1 share consolidation disclosed in Note 7.1.3			

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note	22	Share-based payments	Note	2019 \$	2018 \$
22.1		Share-based payments:			
		Share-based payment expense / (cancellation) recognised in contractors' and consultants' costs		-	(7,849)
		Share-based payment expense	22.3.1a to g	531,127	781,253
		Share-based payment expense recognised in profit or loss		531,127	773,404

22.2 Share-based payment plans

The Company has established an employee share option scheme (**Scheme**). The Scheme is designed to provide eligible participants with an ownership interest in the Company and to provide additional incentives for eligible participants to increase profitability and returns to Shareholders.

The summary of the Scheme is set out below for the information of potential investors in the Company. The detailed terms and conditions of the Scheme may be obtained free of charge by contacting the Company.

The key terms of the Plan are summarised below.

▲ Eligibility and Grant of Incentive Options	<i>The Board may grant Incentive Options to any full or part time employee of the Company or an associated body corporate. Incentive Options may be granted by the Board at any time.</i>
▲ Consideration	<i>Each Incentive Option issued under the Plan will be issued for nil cash consideration.</i>
▲ Conversion	<i>Each Incentive Options is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.</i>
▲ Exercise Price and Expiry Date	<i>To be determined by the Board prior to the grant of the Incentive Options.</i>
▲ Exercise Restrictions	<i>The Incentive Options may be subject to conditions on exercise as may be fixed by the Directors prior to grant.</i>
▲ Share Restriction Period	<i>Shares issued on the Exercise of Incentive Options may be subject to a restriction that they may not be transferred or otherwise dealt with until a Restriction Period has expired, as specified in the Offer for the Incentive Options.</i>

22.3 Share-based payment arrangements in effect during the period

As described at note 7.1.3 the Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. The share consolidation involved the conversion of every 10 fully paid ordinary shares on issue into 1 fully paid ordinary share. Upon completion of the consolidation, options on issue at the time had the number of options reduced by the 10:1 factor, and the exercise price increased by a factor of 10. This consolidation effect is reflected through the balances reported below. All valuations were performed on the initial grant date values.

22.3.1 Share-based payments recognised in profit or loss

a. Director options – Bradley Harrison

During the year approval was obtained to issue 1,500,000 options to Bradley Harrison upon the later of the appointment of Mr Bradley Harrison as a Director or shareholders approving the issue of the Options:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
1,500,000	22 October 2021	\$1.00	Immediately upon issue

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 22 Share-based payments (cont.)

b. Director options (performance condition) – Bradley Harrison

During the year approval was obtained to issue 1,500,000 options to Bradley Harrison upon and subject to completion of the Company's proposed investment in Scout Venture Fund III:

Number under Option	Date of Expiry	Exercise Price	Performance Condition	Milestone Date	Performance Condition Satisfied
1,500,000	22 October 2021	\$1.00	<p>Subject to completion of the Company's proposed investment in Scout Venture Fund III, with the number of Options that vest to be calculated using the formula:</p> $1,500,000 \times ((Y - 2,500,000) / 2,500,000) = Z$ <p>Where:</p> <p>Y = the total committed capital in Scout Venture Fund III up to a maximum of \$50,000,000. If the Scout Venture Fund III conducts a final closing prior to reach committed capital of \$50,000,000 or more then Y is equal to the committed capital at the time of final closing. If the committed capital is less than \$25,000,000 then no Options shall vest.; and</p> <p>Z = the number of options that vest.</p> <p>The Company has assessed a 60% probability of meeting the maximum committed capital</p>	Undefined however expected to be known prior to December 2019	No

c. Director and Employee Performance Rights

As approved by shareholders 29 November 2018 the Company issued 2,500,000 performance rights to Messer Campbell McComb and Michael Hynes to provide a performance linked incentive component in the Directors' remuneration packages to assist the Company in rewarding his performance, and to align their interests with those of Shareholders. In addition, in May 2019, 1,600,000 performance rights were issued to employees. All performance righted were issued on the terms as detailed below and as detailed below.

Service Condition: Continuous employment by each recipient in their current position (or equivalent) from Grant Date to Vesting Date. Subject to the Plan Rules, Performance Rights will generally lapse on resignation or dismissal. For the avoidance of doubt, retirement by a Director at a general meeting in accordance with the rotation requirements of the Company's Constitution will not constitute a break in the relevant Director's continuous employment where he is re-appointed at the same general meeting.

Performance Conditions:

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date	Performance Condition Satisfied
A	Subject to funds held in managed investment trusts or similar entities which are managed by the AVC group or held funds in respect of the AVC group as investment manager (Funds Under Management or Advice) exceeds \$50 million on or before 30 June 2020;	1,250,000 (Dir) 800,000 (Emp)	30 June 2020	30 June 2020	No
B	Subject to funds held in managed investment trusts or similar entities which are managed by the AVC group or held funds in respect of the AVC group as investment manager (Funds Under Management or Advice) exceeds \$100 million on or before 30 June 2021.	1,250,000 (Dir) 800,000 (Emp)	30 June 2021	30 June 2021	No

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 22 Share-based payments (cont.)****d. Creditor options**

During the prior year ended 30 June 2018, approval was obtained to issue 3,150,000 options to non-related parties of the Company. The options were issued to parties who provided services to the Company in order to assist the Company in minimising short-term cash outflow for services provided. The options formed part of the overall debt reduction program that has been implemented and accepted by the Board and the Companies major creditors:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
975,000	1 December 2021	\$0.60	Immediately upon issue
975,000	1 December 2021	\$1.20	Immediately upon issue
1,200,000	1 December 2021	\$2.20	Immediately upon issue

e. Director options – Jay Stephenson

During the prior year ended 30 June 2018, approval was obtained to issue 400,000 options to Mr Jay Stephenson in respect to forgiveness of debts in respect to services provided amounting to \$52,284 in order to assist the Company in minimising short-term cash outflow for services provided:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
100,000	1 December 2021	\$0.60	Immediately upon issue
100,000	1 December 2021	\$1.20	Immediately upon issue
200,000	1 December 2021	\$2.20	Immediately upon issue

f. Director incentive options – Michael Hynes and John Bell

During the prior year ended 30 June 2018, approval was obtained to issue 25,000,000 options to Directors of the Company, Messrs Hynes and Bell. The options were issued to appropriately incentivise and provide cost effective remuneration to the Directors for their ongoing commitment and contribution to the Company and to continue to vigorously pursue and fulfil the Company's stated objectives:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
650,000	1 December 2021	\$0.60	Vest over 12 months
650,000	1 December 2021	\$1.20	Vest over 12 months
1,200,000	1 December 2021	\$2.20	Vest over 12 months

g. Employee options

Under the Company's Employee Share Option Plan, the Company issued 675,000 Options to Employees of the Company:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
75,000	1 December 2021	\$0.60	Immediately upon issue
500,000	1 December 2021	\$1.20	Immediately upon issue
100,000	1 December 2021	\$2.20	Immediately upon issue

22.4 Options granted to KMP are as follows

Grant Date	Number
22 October 2018	3,000,000

Further details of these options are provided in note 22.3.1a and b above and within the Remuneration report on page 8.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 22 Share-based payments (cont.)

22.5 Movement in share-based payment arrangements during the period

A summary of the movements of all company options issued as share-based payments is as follows:

	2019		2018 ^w	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	6,825,000	\$2.060	4,528,500	\$2.710
Granted	4,667,856	\$1.000	6,725,000	\$1.440
Exercised	-	-	-	-
Expired and/or cancelled	(950,000)	\$2.650	(4,428,500)	\$2.200
Outstanding at period end	10,542,856	\$1.221	6,825,000	\$1.440
Exercisable at period end	9,042,856	\$1.258	4,325,000	\$2.060

i. No options were exercised during the year.

ii. The weighted average remaining contractual life of options outstanding at year end was 2.90 years. The weighted average exercise price of outstanding shares at the end of the reporting period was \$1.221.

iii. The fair value of the options granted to directors and employees is deemed to represent the value of the employee services received over the vesting period.

iv. Comparative amounts have been adjusted for the 10:1 share consolidation in December as described at note 7.1.3.

22.6 Fair value of options grants during the period

As described at note 7.1.3, the Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. The share consolidation involved the conversion of every 10 fully paid ordinary shares on issue into 1 fully paid ordinary share. Upon completion of the consolidation, options on issue at the time had the number of options reduced by the 10:1 factor, and the exercise price increased by a factor of 10. All valuations were performed on the initial grant date values and are reflected below. This consolidation effect is reflected through the balances reported below.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the period was \$0.063 (2018: \$0.0129). These values were calculated using the Black-Scholes option pricing model, applying the following inputs to options issued this year:

Grant date:	22 October 2018	
Grant date share price:	\$0.33	
Option exercise price:	\$1.00	\$1.00
Number of options issued:	1,500,000	1,500,000
Vested	Yes	No, performance condition not satisfied
Remaining life (from grant date) (years):	3 years	
Expected share price volatility:	68.94%	
Risk-free interest rate:	2.07%	
Value per option	\$0.063	\$0.063

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 22 Share-based payments (cont.)****22.7 Fair value of performance rights granted during the period**

As described at note 7.1.3, the Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. The share consolidation involved the conversion of every 10 fully paid ordinary shares on issue into 1 fully paid ordinary share. Upon completion of the consolidation, options on issue at the time had the number of options reduced by the 10:1 factor, and the exercise price increased by a factor of 10. All valuations were performed on the initial grant date values and are reflected below. This consolidation effect is reflected through the balances reported below.

Directors

Class	Performance rights No.	Probability performance condition is met %	Share Price at Date of Issue \$	Discounted value per performance right \$	Fair value of performance rights issued \$	Performance Condition Satisfied
A	1,250,000	90%	0.44	0.37	\$495,500	No, expensed over vesting period
B	1,250,000	80%	0.44	0.33	\$440,000	No, expensed over vesting period

Employees

Class	Performance rights No.	Probability performance condition is met %	Share Price at Date of Issue \$	Discounted value per performance right \$	Fair value of performance rights issued \$	Performance Condition Satisfied
A	800,000	90%	0.33	0.297	\$237,600	No, expensed over vesting period
B	800,000	80%	0.33	0.264	\$211,200	No, expensed over vesting period

The probability ability of conditions being met represents an estimate by management.

22.8 Accounting policy

The grant-date fair value of equity-settled share-based payment arrangements granted to holders of equity-based instruments (including employees) are generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. In determining the fair value of share-based payments granted, a key estimate and judgement is the volatility input assumed within the pricing model.

The Company uses historical volatility of the Company to determine an appropriate level of volatility expected, commensurate with the expected instrument's life

22.9 Key estimate

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed above.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 23 Operating segments

23.1 Identification of reportable segments

The Group operates predominantly in the information technology industry as a global technology incubation company. Inter-segment transactions are priced at cost to the Consolidated Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors (**the Board**) on a monthly basis and in determining the allocation of resources. Management has identified the operating segments based on the principal geographical locations and regulatory environments – the United Kingdom, Australia, and United States of America (**United States**). Papua New Guinea (**PNG**) operations were wound down in prior years. Together with the change in nature and operations under Auctus, PNG has become an immaterial operation to the Group.

23.2 Basis of accounting for purposes of reporting by operating segments

23.2.1 *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

23.2.2 *Inter-segment transactions*

An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event the sale or service was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are recognised in "All other segments" which contains the treasury and oversight functions of the Group. The Board recovers charges management fees from respective segments to reflect an allocation of costs across the Group. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

23.2.3 *Segment assets*

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

23.2.4 *Segment liabilities*

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

23.2.5 *Unallocated items*

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Depreciation and amortisation
- Gains or losses on sales of financial and non-financial assets
- Investment income
- Corporate transaction accounting expense

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 23 Operating segments (cont.)

For the Year to 30 June 2019	United Kingdom \$	Australia \$	United States \$	All other regions segments \$	Total \$
Revenue					
▲ Revenue	125,475	376,640	-	1,696	503,811
▲ Interest revenue	-	29,163	-	-	29,163
Total segment revenue	125,475	405,803	-	1,696	532,974
<i>Reconciliation of segment revenue to group revenue:</i>					
▲ Share of associate's profit or loss	-	39,647	-	-	39,647
▲ Revaluation of investments	(3,316)	150,213	-	-	146,897
▲ Other income	(3,084)	(27,035)	-	-	(30,119)
Total group revenue and other income					689,399
Segment loss from continuing operations before tax	124,435	(3,006,085)	(8,757)	(30,684)	(2,921,091)
<i>Reconciliation of segment loss to group loss:</i>					
(i) Amounts not included in segment results but reviewed by Board:					
▲ Depreciation and amortisation	-	(60,827)	-	-	(60,827)
(ii) Unallocated items					-
Loss before income tax					(2,981,918)
As at 30 June 2019					
Segment Assets	81	29,343,217	1,045	101	29,344,444
<i>Reconciliation of segment assets to group assets:</i>					
▲ Intra-segment eliminations					(21,258,304)
Total assets					8,086,140
Segment Liabilities	320,158	2,106,021	-	127,990	2,554,169
<i>Reconciliation of segment liabilities to group liabilities</i>					
▲ Intra-segment eliminations					(269,647)
Total liabilities					2,284,522

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 23 Operating segments (cont.)

For the Year to 30 June 2018	United Kingdom \$	Australia \$	United States \$	All other regions segments \$	Total \$
Revenue					
▲ Revenue	330,921	2,211	-	-	333,132
▲ Interest revenue	-	161	-	-	161
Total segment revenue	330,921	2,372	-	-	333,293
<i>Reconciliation of segment revenue to group revenue:</i>					
▲ Amounts forgiven	213,590	419,006	-	202,397	834,993
▲ Research and development grant income	-	-	-	-	-
▲ Net loss of disposal of subsidiaries	-	(81,476)	-	-	(81,476)
▲ Revaluation of investments	-	(365,247)	-	-	(365,247)
▲ Other income	-	32,253	-	-	32,253
Total group revenue and other income					753,816
Segment loss from continuing operations before tax	(358,089)	(2,139,333)	(12,670)	202,397	(2,307,695)
<i>Reconciliation of segment loss to group loss:</i>					
(i) Amounts not included in segment results but reviewed by Board:					
▲ Depreciation and amortisation	(273,598)	(3,133)	-	-	(276,731)
(ii) Unallocated items:					-
Profit before income tax					(2,584,426)
As at 30 June 2018					
Segment Assets	1,073,632	24,971,322	107	101	26,045,162
<i>Reconciliation of segment assets to group assets:</i>					
▲ Intra-segment eliminations					(23,235,114)
Total assets					2,810,048
<i>Segment asset increases for the period:</i>					
▲ Capital expenditure	(531,324)	(67,697)	-	-	(599,021)
▲ Acquisitions	-	1,157,483	-	-	1,157,483
	(531,324)	1,089,786	-	-	558,462
Segment Liabilities	1,485,638	1,536,630	1,353	95,180	3,118,801
<i>Reconciliation of segment liabilities to group liabilities</i>					
▲ Intra-segment eliminations					(1,090,143)
Total liabilities					2,028,658

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 24 Parent entity disclosures**

Auctus Alternative Investments Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Auctus Alternative Investments Limited did not enter into any trading transactions with any related party during the year.

24.1 Financial Position of Auctus Alternative Investments Limited

Current assets

Non-current assets

Total assets

Current liabilities

Non-current liabilities

Total liabilities

Net assets*Equity*

Issued capital

Share-based payment reserve

Accumulated losses

Total equity

2019	2018
\$	\$
718,054	125,197
20,085	-
738,139	125,197
1,496,008	533,193
1,786	-
1,497,794	533,193
(759,655)	(407,996)
35,668,503	31,694,480
1,215,851	9,006,160
(37,644,009)	(41,108,636)
(759,655)	(407,996)

24.2 Financial performance of Auctus Alternative Investments Limited

Loss for the year

Other comprehensive income

Total comprehensive income

2019	2018
\$	\$
(4,044,162)	(5,494,616)
-	-
(4,044,162)	(5,494,616)

24.3 Guarantees

There are no guarantees entered into by Auctus Alternative Investments Limited for the debts of its subsidiaries as at 2019 (2018: none).

24.4 Contractual commitments

The parent company has no capital commitments at 2019 (2018: \$nil). The parent company other commitments are disclosed in Note 15 Commitments.

24.5 Contingent liabilities

There are no guarantees entered into by Auctus Alternative Investments Limited for the debts of its subsidiaries as at 2019 (2018: none).

Notes to the consolidated financial statements for the year ended 30 June 2019

Note 25 Statement of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

25.1.1 Reporting Entity

Auctus Alternative Investments Limited (**Auctus** or the **Company**) is a listed public company limited by shares, domiciled and incorporated in Australia. These are the consolidated financial statements and notes of Auctus and controlled entities (collectively the **Group**). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved alternative funds management business that focuses on private market investments globally. The separate financial statements of Auctus, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

25.1.2 Basis of accounting

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (**AAS Board**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (**AASBs**) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements were authorised for issue on 26 September 2019 by the directors of the Company.

25.1.3 Going Concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group produced a profit for the year of \$1,220,153 (2018: \$3,365,179 loss) and a net cash out-flow from operating activities of \$2,419,801 (2018: \$1,814,831 out-flow). As at 30 June 2019, the Group had a working capital deficit of \$1,633,383 (2018: \$1,222,645 working capital deficit), as disclosed in Note 9 of the Capital Management note.

The ability of the Group to continue as a going concern is principally dependent upon cashflow from continuing operations of the group, and the ability of the Group to secure funds by raising capital from equity markets and managing cash flow in line with available funds. Cash flow also may arise from the sale of investments held by the group at the appropriate time. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The Directors have prepared a cash flow forecast for the period ending 30 September 2020, which indicates that the Group will have sufficient cash flow to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report. This cash flow is predominantly comprised of revenue from new funds which are being launched over the period.

As noted in 5.4.3 during FY19, as part of a settlement, the Group agreed to procure an election for a sale of approximately 1.1 million shares held by the other parties, post an escrow period. This arrangement allows the other parties to make an election any time between the 1st of October 2019 to 31st December 2019. If such election is made the Group has 14 days to find a buyer for these shares at the greater of agreed value (\$0.60) or 5 day VWAP, resulting in a payment of approximately \$660k. At the date of this report the current value of these shares leaves a shortfall of approximately of \$400k which is significantly less than the original legal claim.

Whilst the Group has accrued a liability for the shortfall based on the end of the financial year share price, it is not expected this liability will be worn by the Group. The directors have progressed on a number of options to fund the potential obligation including facilitating the sale of these shares to a major shareholder or directors of the Group.

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 25 Statement of significant accounting policies**

Subsequent to year-end and to the date of this report the Group has issued equity raisings amounting to 3.25 million shares, raising approximately \$1.129 million before costs (of which \$268k was received prior to 30 June 2019). In addition, the Group is also in early discussions regarding the potential sale of a number of balance sheet investments. Finally, the Group has announced it has finalised formal documentation to establish RBP Partners and establish the Energy Storage Fund, leading to short term revenue.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. Given the Group's history of raising capital to date, the Directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

25.1.4 Comparative figures

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

25.1.5 New and Amended Standards Adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- ▲ AASB 9 Financial Instruments;
- ▲ AASB 15 Revenue from Contracts with Customers;
- ▲ AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions;
- ▲ Interpretation 22 Foreign Currency Transactions and Advance Consideration.

The group also elected to adopt the following amendments early:

- ▲ AASB 2018-1 Amendments to Australian Accounting Standards - Annual Improvements 2015- 2017 Cycle.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Group. There were no effects upon the adoption of AASB 15.

25.2 Value added taxes

Value-added tax (**VAT**) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (Goods and Services Tax or **GST**); United Kingdom (**VAT**); and in Singapore (**VAT**).

Revenues, expenses, and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from the relevant country's taxation authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of VAT.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (or jurisdictional equivalent) is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the taxation authority.

Notes to the consolidated financial statements for the year ended 30 June 2019

Note 25 Statement of significant accounting policies

25.3 Foreign currency transactions and balances

25.3.1 *Functional and presentation currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

25.3.2 *Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

25.3.3 *Group companies and foreign operations*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- ▲ assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- ▲ income and expenses are translated at average exchange rates for the period; and
- ▲ retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

25.4 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 25.4.1.

25.4.1 *Critical Accounting Estimates and Judgments*

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- a. Key judgements and estimates – Business Combinations

Refer Note 10 Business combinations.

- b. Key estimate – Taxation

Refer Note 4 Income Tax.

- c. Key estimate – Impairment of goodwill

Refer Note 6.2 Intangible assets.

- d. Key judgements and estimates – Share-based payments

Refer Note 22 Share-based payments.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 25 Statement of significant accounting policies

25.5 Fair Value

25.5.1 *Fair Value of Assets and Liabilities*

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

25.5.2 *Fair value hierarchy*

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- ⚠ if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- ⚠ if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

25.5.3 *Valuation techniques*

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- ⚠ Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- ⚠ Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- ⚠ Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 25 Statement of significant accounting policies

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

25.6 New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

a. AASB 16: *Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

- (1) recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- (2) depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- (3) inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- (4) application of practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- (5) additional disclosure requirements.

The Directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosures).

Notes to the consolidated financial statements
for the year ended 30 June 2019**Note 25 Statement of significant accounting policies****25.7 Adjustments made subsequent to the lodgement of the ASX Appendix 4E**

Subsequent to the lodgement of the ASX Appendix 4E:

a. Loss after tax decreased by \$133,279 due to:

▲ Increase in Revenue	\$28,936
▲ Increase in Share of Associates Loss.....	\$126,023
▲ Decrease in Other Income.....	(\$81,836)
▲ Increase in Other Expenses	(\$35,000)
▲ Decrease in Income Tax Expense	\$95,156

In addition, the following change was made to Discontinued operations:

▲ Decrease to Profit / (loss) from discontinued operations (attributable to equity holders of the Company).....	(\$176,198)
---	-------------

b. Net assets increased by \$225,331 due to:

▲ Increase in Financial Assets	\$109,119
▲ Decrease in Investment in Associates	(\$212,194)
▲ Decreases in Trade and Other Payables.....	\$233,250
▲ Decrease in Current Tax Assets	95,156

c. The following items in the statement of financial of position were reallocated, with no effect on net assets:

▲ Cash and cash equivalents	(\$15,426)
▲ Assets classified as held for sale	\$15,426
▲ Trade and other payables.....	\$310,664
▲ Short-term provisions	\$74,793
▲ Liabilities directly associated with assets classified as held for sale.....	(\$385,456)

The changes included the Increase in Issued Capital of \$268,250, and an increase in Accumulated Losses of \$42,916, together representing an increase in Total Equity of \$225,331.

Note 26 Company details

The registered office and principal place of business of the Company is:

Address:

Street: Level 7, 90 Collins Street
Melbourne VIC 3000

Telephone: +61 (0)3 9088 8670

Email: enquiries@auctusinvest.comWebsite: www.auctusinvest.com

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 79, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
 - (c) give a true and fair view of the financial position as at 30 June and of the performance for the year ended on that date of the Group.
 - (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



CAMPBELL MCCOMB

Managing Director

Dated this Monday, 30 September 2019

Independent Auditor's Report

To the Members of Auctus Alternative Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Auctus Alternative Investments Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 25.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report

To the Members of Auctus Alternative Investments Limited (Continued)



Material Uncertainty Related to Going Concern

We draw attention to Note 25.1.3 in the financial report which indicates that the Consolidated Entity incurred a net cash outflow from operating activities of \$2,419,801 during the year ended 30 June 2019. As stated in Note 25.1.3, these events or conditions, along with other matters as set forth in Note 25.1.3, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Partial disposal of Gophr</p> <p>In the current year, the Group had partially divested their interest in Gophr Limited ("Gophr") by entering into a share sale agreement with the current management of Gophr, which was deemed a disposal of a subsidiary.</p> <p>The Group's remaining interest in the Company was treated as an investment in an associate as it retained a significant influence over Gophr, as disclosed in note 13.</p> <p>Along with the share sale agreement, the Group entered into a vendor finance and convertible note arrangements with the management. The key terms of the arrangements are disclosed in note 5.3.3a and 5.3.3b.</p> <p>The accounting for these interrelated agreements has a number of components, each of which required consideration including:</p> <ul style="list-style-type: none">– Partial disposal of Gophr– Accounting for the fair value of investment in associate in Gophr pursuant to the partial disposal– Accounting for the present value of amortised cost of the Vendor finance and the Convertible Note. <p>Given these complexities, we have considered the accounting for the partial disposal of Gophr to be a key audit matter.</p>	<p>Our procedure included but were not limited to:</p> <ul style="list-style-type: none">– Assessing the appropriateness of the accounting in respect of the sale of Gophr by reference to the share sale agreement.– Understanding the terms and conditions in relation to the vendor finance and convertible note agreement.– Assessing the appropriateness of the accounting in respect of the vendor finance and convertible note agreement.– Evaluating and challenging estimates and judgements within management's assessment of the terms within those agreements, as well as assessing the discount rate applied to the calculation used.– Assessing the appropriateness of the disclosures in notes 5.3.3a, 5.3.3b and 13.

Independent Auditor's Report

To the Members of Auctus Alternative Investments Limited (Continued)



Key audit matter	How our audit addressed the key audit matter
<p>Impairment of Goodwill</p> <p>The Group has recognized a goodwill balance of \$1,157,482 as described in note 6.2 to the financial statements. Goodwill is tested annually for impairment and the carrying value of the assets within the cash generating unit ("CGU") are compared to the deemed recoverable amount of that CGU, based on a value in use calculation. Determination of the recoverable amount is dependent upon management estimates of future cash flows and the application of appropriate discount rates, and requires management to make significant estimates.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> – Obtaining an understanding of the value in use model and assumption used; – Critically evaluating management's methodologies and their documents basis for key assumptions utilised in the valuation model which are described in note 6.2; – Compared growth rates against those comparable companies and other external market data where available; – We checked the mathematical accuracy of the cash flow models and assessed the historical accuracy of forecasting by the Group; – Performed a range of sensitivity analysis on the CGU being the discount rate and terminal growth rate assumptions; and – Assessed the disclosure of both quantitative and qualitative considerations in relation to the value of the goodwill.
<p>Share based payments – \$531,127</p> <p>As disclosed in note 22 in the financial statements, during the year ended 30 June 2019, the Group incurred share based payments totalling \$531,127.</p> <p>Share based payments are considered to be a key audit matter due to</p> <ul style="list-style-type: none"> ➤ the value of the transactions; ➤ the complexities involved in recognition and measurement of these instruments; and ➤ the judgement involved in determining the inputs used in the valuation. <p>Management used the Black-Scholes option valuation model to determine the fair value of the options granted. This process involved significant estimation and judgement required to determine the fair value of the equity instruments granted.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ➤ Analysing contractual agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments; ➤ Evaluating management's Black-Scholes Valuation Models and assessing the assumptions and inputs used; ➤ Assessing the amount recognised during the period against the vesting conditions of the options; and ➤ Assessing the adequacy of the disclosures included in the financial report.

Independent Auditor's Report

To the Members of Auctus Alternative Investments Limited (*Continued*)



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 25, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

To the Members of Auctus Alternative Investments Limited (Continued)



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Independent Auditor's Report

To the Members of Auctus Alternative Investments Limited *(Continued)*



Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

A handwritten signature in blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Mark DeLaurentis".

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2019

Corporate governance statement

The Board of Directors of Auctus Alternative Investments Limited (the 'Company' or 'Auctus') is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Auctus on behalf of the shareholders, by whom they are elected and to whom they are accountable.

This Corporate Governance summary discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3rd Edition)' (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that have not been followed have been identified and an explanation provided.

The Company's Corporate Governance Plan is available on the Company's website at auctusinvest.com.

The Board of Directors of Auctus Alternative Investments Limited (the 'Company' or 'Auctus') is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Auctus on behalf of the shareholders, by whom they are elected and to whom they are accountable.

PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION (YES/NO)
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: <ul style="list-style-type: none"> (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management. 	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is included in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should: <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director. 	YES	<ul style="list-style-type: none"> (a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. (b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, and through the Chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board: <ul style="list-style-type: none"> (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period: <ul style="list-style-type: none"> (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012. 	(a) YES (b) YES (c) NO	<ul style="list-style-type: none"> (a) The Company has adopted a Diversity Policy. <ul style="list-style-type: none"> (i) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company's website. <p>The Company believes in promoting diversity, and while it has adopted a Diversity Policy, given the present Company size, there have been no plans to establish measurable objectives for achieving gender diversity as part of the KPI of the senior executives. The need for establishing and assessing measurable objectives for achieving gender diversity will be reassessed as the Company size increases. The Company is dedicated to promoting a corporate culture that embraces diversity. The Company believes that diversity begins with the recruitment and selection practices of its Board and its staff. Hiring of new employees and promotion of current employees are made on the bases of performance, ability and attitude.</p>

Corporate governance statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION (YES/NO)
Recommendation 1.6 A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	YES	<ul style="list-style-type: none"> (a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. (b) There was no performance evaluation undertaken during the reporting period and a review will be carried out during FY20.
Recommendation 1.7 A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	YES	<ul style="list-style-type: none"> (a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. (b) There was no performance evaluation undertaken during the year and will be carried out in FY20.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively. 	NO	<ul style="list-style-type: none"> (a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee in accordance with the Terms of Reference. The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at board meetings to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the <i>Corporations Act 2001</i> (Cth) and ASX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	YES	<p>The Board of the Company is comprised of directors with a broad range of technical, commercial, financial and other skills, experience and knowledge relevant to overseeing the business of the Company.</p> <p>The Company has developed a skills matrix which is used as a tool to assess the appropriate and ideal balance of skills, experience, independence and diversity necessary for the Board to discharge its duties and responsibilities effectively.</p> <p>A summary of the collective skills and board composition which are reviewed are included in the Company's Corporate Governance Plan.</p>
Recommendation 2.3 A listed entity should disclose: <ul style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director 	YES	<ul style="list-style-type: none"> (a) The Board does not have any independent directors. The names of the Directors and their appointment dates are as follows: <ul style="list-style-type: none"> ▪ Campbell Gordon McComb (05/03/2018) – Not independent ▪ Michael John Hynes (23/06/2017) – Not Independent ▪ Brad Harrison (19 October 2018) – Not Independent (b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Reports and Company's website. (c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company's website.

Corporate governance statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION (YES/NO)
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	NO	The Board Charter requires that where practical the majority of the Board will be independent. The Board does not have a majority of independent directors due to the Company's size. The current independent Non-Executive director is Mr Brad Harrison. The Board believes that, as a whole, it continues to have the ability to exercise independent view and judgement.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	NO	The Board Charter provides that where practical, the Chair of the Board will be a Non-Executive Director. If the Chair ceases to be independent then the Board will consider appointing a lead independent Director. Currently the board Chair is an Executive Director and is not independent. The Board is in the process of reviewing potential candidates for a Non-executive Chairman role.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	YES	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	YES	(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	NO	(a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no separate Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee in accordance with the Terms of Reference. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	NO	The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that, before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained, that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity. They also confirm that the opinion has been formed on the basis of a sound system of risk management and internal control, which are operating effectively. The Company does not currently have a CFO and this confirmation is provided by the Managing Director.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Corporate governance statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION (YES/NO)
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	YES	<ul style="list-style-type: none"> (a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company's website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.</p> <p>The Shareholder Communications Strategy can be found in Schedule 10 of the Board Charter which is available on the Company's website.</p>
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	<p>The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available on the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary will send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</p>
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	<p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.</p> <p>Shareholders queries should be referred to the Company Secretary in the first instance.</p>
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework. 	NO	<ul style="list-style-type: none"> (b) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. <p>The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>

Corporate governance statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION (YES/NO)
Recommendation 7.2 The board or a committee of the board should: <ul style="list-style-type: none"> (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place. 	YES	<ul style="list-style-type: none"> (a) The Company's process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls. (b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.
Recommendation 7.3 A listed entity should disclose: <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	YES	Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	NO	Due to the size and nature of the existing board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee in accordance with the Terms of Reference. <p>The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website.</p> <p>The Board devoted time at annual board meetings to fulfill the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Non-Executive Directors, Executive Directors and other senior executives.

Corporate governance statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY	EXPLANATION (YES/NO)
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:	YES	(a) Company's Corporate Governance Plan (Section 6(d)) states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity-based plans. (b) A copy of the Company's Corporate Governance Plan is available on the Company's website.
(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.		

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 Capital as at 19 September 2019.

a. Ordinary share capital

34,091,391 ordinary fully paid shares held by 676 shareholders

b. Options over Unissued Shares and Performance Shares

- The Company has 10,542,607 options on issue in accordance with section 7.1 of the Directors' Report.
- The Company has 4,100,000 performance shares on issue, being 2,050,000 Class A Performance Shares and 2,050,000 Class B Performance Shares in accordance with Note 7.3 Performance shares of the financial statements.

c. Voting Rights

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares:** Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Unlisted Options:** Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.
- **Performance Rights:** A Performance Right does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company. A Performance Right does not entitle a Holder to any dividends. A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up of the Company. A Performance Right is not transferable.

d. Substantial Shareholders as at 19 September 2019.

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Wolf Capital Pty Ltd	4,453,968	13.06
Camac Investments Pty Ltd	3,002,493	8.81

e. Distribution of Shareholders as at 19 September 2019.

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	329	76,264	0.22
1,001 – 5,000	121	336,810	0.99
5,001 – 10,000	44	334,529	0.98
10,001 – 100,000	115	4,368,237	12.81
100,001 – and over	67	28,975,551	85.00
	676	34,091,391	100.00

f. Unmarketable Parcels as at 19 September 2019

As at 19 September 2019 there were 371 shareholders who held less than a marketable parcel of shares holding 2,084 shares.

g. On-Market Buy-Back

There is no current on-market buy-back.

h. Restricted Securities

The Company has no restricted securities

Additional Information for Listed Public Companies

i. 20 Largest Shareholders — Ordinary Shares as at 19 September 2019

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	HSBC Custody Nominees (Australia) Limited	5,767,806	16.92
2.	Camac Investments Pty Ltd	3,002,493	8.81
3.	J P Morgan Nominees Australia Pty Limited	1,349,048	3.96
4.	Pebble Bay Capital Pte Limited	1,034,480	3.03
5.	National Nominees Limited	930,000	2.73
6.	Mr John Charles Plummer	900,000	2.64
7.	Mr Shashi Fernando	893,855	2.62
8.	Allneon Holdings Pty Ltd	700,879	2.06
9.	Ms Sarah Wong	696,929	2.04
10.	Australian Executor Trustees Limited <No 1 Account>	669,434	1.96
11.	Elkayam 101 Ltd	651,079	1.91
12.	Mars Capital Pty Ltd	500,000	1.47
13.	Mr Martin O'reagan	485,715	1.42
14.	Queensland M M Pty Ltd <Superannuation A/C>	465,320	1.36
15.	DCRT Superannuation Pty Ltd <DCRT S/F A/C>	453,921	1.33
16.	PPMC Pty Ltd <PPMCC Superfund A/C>	430,000	1.26
17.	SBY Holdings Pty Ltd <Shane & Tania Young S/F A/C>	430,000	1.26
18.	Mr John Charles Plummer	425,000	1.25
19.	Mr Charles Robert Dirck Wittenoom	409,427	1.20
20.	Centre Forward Pty Ltd <Top Corner A/C>	381,254	1.12
TOTAL		20,576,640	60.35

2 The Company Secretary is Justin Mouchacca

3 Principal registered office

As disclosed in Note 26 Company details on page 79 of this Annual Report.

4 Registers of securities

As disclosed in the Corporate Directory on page i of this Annual Report.

5 Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, As disclosed in the Corporate Directory on page i of this Annual Report.

6 Use of funds

The Company has used its funds in accordance with its initial business objectives.



AUCTUS

Alternative Investments